Austria	Sch. 20	Indonesia	Rp 2500	Portugal	Esc 90
Bahrain	Din.0.650	Italy	L 1500	S. Arabia	Rls 6.00
Belgium	BFr 45	Japan	Y550	Singapore	S$ 4 10
Canada	C$1 00	Jordan	Fils 500	Spain	Pta 125
Cyprus	C£0.70	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 8.00	Lebanon	£L 6.00	Sweden	Skr 7.00
Egypt	E£1 00	Luxembourg	LFr 45	Switzerland	SFr 2.20
Finland	Fmk 6.50	Malaysia	Rm 4.25	Taiwan	NT $95
France	FFr 6 00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2 20	Morocco	Dh 6.00	Turkey	L 250
Greece	Dr 80	Netherlands	Fl 2.75	U.A.E.	Dh 6 50
Hong Kong	HK$ 12	Norway	Nkr 7.00	U.S.A.	$1.00
India	Rup 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,842 — Thursday January 30 1986 — D 8523 B

French politics: big test for the constitution, Page 16

World news

Israelis strike at PLO in Lebanon

Israeli aircraft bombed Palestinian targets in southern Lebanon near the port of Sidon, and two Israeli *soldiers were killed in a gun battle* with a suspected infiltrator on the Jordan border.

The renewed violence came amid new efforts for a Middle East peace process, with Jordan's King Hussein holding a fourth day of talks with *PLO leader Yassir Arafat.*

Israeli officials said the dawn raid was aimed at bases recently *occupied by PLO fighters who* planned terrorist attacks against Israel. Page 6

New US farm chief

President Ronald Reagan appointed Richard Lyng as Secretary of Agriculture, succeeding John Block, who resigned this month. Lyng, 67, was an aide to Reagan when he was California's Governor. Page 4

Challenge to Aden

South Yemen's ousted president, Ali Nasser Mohammed, vowed to fight to resume power. He was said to be gathering forces in Abayan. Report from Aden, Page 6

Museveni sworn in

Former guerrilla leader Yoweri Museveni was sworn in as Uganda's eighth President as 100,000 cheering supporters jammed the government square in Kampala. Officials said the border with Kenya would soon be reopened.

Elections demand

An estimated 70,000 Pakistanis rallied in Lahore to demand new elec*tions. It was the largest political de*monstration since President Mohammad Zia ul-Haq last month ended eight years of martial law.

Financiers held

Deutsche Anlagen-Leasing's former managing board chairman, Eberhard Kuehl, and former tax adviser Herbert Paulus, have been arrested on suspicion of tax evasion, said prosecutors in Koblenz.

Papal visit opposed

Hindu fundamentalists warned of mass demonstrations against Saturday's visit by Pope John Paul. They say that he seeks new converts.

Prosecution call

The French Justice *Ministry* asked the European Parliament to lift immunity of French newspaper publisher Robert Hersent so he can be prosecuted, ministry sources said. Hersant defied President François Mitterrand's Government by taking over a leading provincial daily in violation of a press monopoly law.

Basques deported

France expelled two suspected *members of Spain's outlawed* Basque separatist group ETA. They chose deportation to Cape Verde off *West Africa.*

Expulsions protest

Moslems went on *strike* in *the* Spanish enclave of Melilla on Morocco's north coast, to protest *against a deadline for expulsion* of illegal aliens.

Theatre threatened

Sadler's Wells Theatre in London will close on May 17 unless £267,000 *($371,130)* in funding is promised within two weeks.

Tiger meat protest

Buddhist leaders in Taiwan have launched a campaign to save 12 tigers they say were imported as pets but are being sold to butchers for Lunar New Year feasts next month.

Chess rematch

World chess champion Garry Kasparov will begin a 24-game defence of his title against Anatoly Karpov between July 28 and August 4 in London.

Business summary

Fall in $, oil 'will lift French growth'

FRENCH economy's growth rate in 1986 will be boosted by about 1 percentage point by the decline in the *dollar and oil prices, Prime Minis*ter Laurent Fabius said. Page 18

WELLCOME, UK pharmaceutical group, will float *its* shares on the London Stock Exchange tomorrow at 120p each, valuing the company at slightly over £1bn ($1.4bn). It will be the largest private company ever to be floated on the exchange. Page 19

WALL STREET: The Dow Jones industrial average closed up 2.52 at 1,558.94. Page 40

LONDON: Equities were depressed by oil price worries and gilts were lower as the pound lost ground. The FT Ordinary share index ended 5.4 down at 1,150.0 and the FT-SE 100 lost 5.3 to 1,421.0. Page 40

TOKYO: Stocks were lower despite favourable factors. The Nikkei average eased 36.55 to 12,957.14. Page 40

DOLLAR ended in New York at DM 2.3955, SFr 2.027, FFr 7.35 and Y194.10. *It* was weaker in *London,* closing at DM 2.3875 (DM 2.397), SFr 2.0215 (SFr 2.032), FFr 7.325 (FFr 7.3625) and Y194.0 (Y195.6). On Bank of England figures the dollar's exchange rate index fell to 123.4 from 123.9. Page 33

STERLING ended in New York at $1.4030. It fell in London, losing 0.75 cents against the dollar to $1.4025. It also declined to DM 3.3475 (DM 3.38), SFr 2.835 (SFr 2.865), FFr 10.2725 (FFr 10.38) and Y272.0 (Y275.75). The pound's exchange rate index fell 0.5 to 74.2. Page 33

COFFEE second position futures closed £256 ($358.4) down in London at £2,222.50 a tonne for an aggregate fall over the last two days of £389, as heavy speculative selling took prices through established resistance levels. However, traders were insisting that prices would resume their upward trend. Page 32

GOLD rose $3.00 on the London bullion market to $355.00 and was $1.50 higher in Zurich at $354.75. In New York the Comex February settlement was $356.30. *Page 32*

ANTWERP diamond trading has slackened since disclosure of tax fraud investigation of Kirschen Roger stockbroking house, which has many diamond traders among *its* clients. Page 32

CHINA reports foreign investment agreements for last year totalled $5.85bn, up 120.7 per cent on 1984, but is disappointed that most of them are not in priority industries. Page 6

DU PONT, largest US chemicals producer, registered a fall in earnings of 22 per cent last year despite a rise in profits in the final quarter of 1985. Page 19

BETHLEHEM STEEL, the third-largest US steel maker, is to omit *its dividend for the second year* running after reporting losses of $196m last year.

W. R. GRACE, US chemicals and natural resources group, reported lower fourth-quarter net profits of *$44.7m,* or 86 cents a share, against $56.4m or $1.09 a share in the year-ago period. Net profits for the year were also down at $146.9m against $196m, despite improved sales of $7.26bn against $6.85bn.

*FINANCIAL Corporation of Ameri*ca (FCA), parent of the biggest savings and loan in the US which almost failed in 1984, reported a fourth-quarter profit of $97m. Page 19

SIEMENS, leading West *German* computer and electrical group, reported a rise of more than 43 per cent in net profits for its financial year to September 30. The group plans future capital increases of DM 800m ($336m). Page 19

The last three columns of the London Share Information Service on Page 34 yesterday were not updated from Monday's prices because of production problems in London.

Shocked US waits patiently for cause of shuttle disaster

WITH THE US still grieving at the staggering loss of the space shuttle Challenger, President Ronald Reagan made plans yesterday to attend a memorial service in Houston tomorrow for the seven crew members who perished in the world's worst space disaster, writes Reginald Dale, US Editor, in Washington, and Paul Taylor in Cape Canaveral.

As Mr Reagan ordered flags flown at half mast for a week, many Americans compared their feelings to those that they had experienced on learning of the assassination of President John F. Kennedy in No*vember 1963.*

Psychologists were called into schools around the US, including the *one* in Concord, New Hampshire, where Mrs Christa McAuliffe, the teacher on board the shuttle, had taught. Schoolchildren who had eagerly followed her exploits as the first teacher in space were thought to be in a particularly anguished state.

Mr Reagan, saying that he was emerging from the first "numbness of shock," declared that "life has to *go on and so does the space pro*gramme." Having cancelled his official agenda yesterday, he spent much of the day telephoning the families of the people he has described as seven American heroes.

The White House said that until the cause of the catastrophe became clearer, Mr Reagan would be briefed *every* day on the progress of *the investigation. Many experts* have said that they thought the problem centred on the shuttle's gigantic external fuel tank, containing more than half a million gallons of liquid hydrogen and oxygen.

Others have speculated about damage by icicles that formed on the spacecraft in the exceptionally cold weather before the launch. Nasa officials, however, have been angered by such speculation, saying that there is so far no way of knowing what really happened and that *the launch had* been cleared after two separate ice checks.

Mr Larry Speakes, the White House spokesman, said: "This is a tragedy of major proportions and one that concerns us all. But for the moment, there is no finger-pointing at Nasa as far as their safety record."

Nevertheless, numerous experts and the public in general were asking searching questions about the conduct of the space programme:

- Was the shuttle programme pushing the limits of technology too fast? Or "stretching the outer edges of the envelope?" in the classic test pilot's phrase?
- Should civilians like Mrs McAuliffe be sent into space largely for public relations purposes, when the technology is still at such an early stage?
- Has the US got the balance right *between manned and unmanned* space exploration? This question is highlighted by the extraordinary success of the unmanned Voyager 2's encounter with Uranus, coincidentally just days before the Challenger catastrophe.
- Has Nasa submitted to competitive pressure in increasing the pace of shuttle flights and the number of people aboard, to make *the* venture economically viable?

On Capitol Hill, the view was that these questions would have to be answered as Congress considered future funds for the space programme – and decided whether to spend up to $2bn replacing Challenger – at a time of exceptionally severe budgetary restraint. Until the cause of the accident is known, however, many people are inclined to give Nasa the benefit of the doubt.

Nevertheless, some former astronauts, including Mr Frank Borman, now president of Eastern Air Lines, and Senator John Glenn, of Ohio, suggested that the time was not yet ripe for civilian flights. Mr Borman described such flights as "a little improper'" given the risks.

Mr Glenn said that the main point of the shuttle programme was research, not to prove that "we can put the butcher, the baker and the candlestick maker up on those rides."

At his first official press conference since the tragedy, Dr William Graham, Nasa's acting director, insisted that "space must also be accessible" to more than just a limited group of astronauts and that the agency's policy of encouraging others to travel on the shuttle would "certainly be continued."

The next shuttle launch planned *for early March has been indefinite*ly postponed. Dr Graham refused to speculate on either the possible causes of the disaster or on how long the programme would be delayed. Some independent experts are predicting at least a year's delay.

The officials revealed that after the first explosion aboard Challenger, the shuttle's solid fuel *rockets* were deliberately blown up by ground control to avoid any possibility of them falling out of the sky and causing a disaster on land.

What Nasa does next, Page 4

European groups plan tender to block rival rescue of Westland

BY LIONEL BARBER IN LONDON AND JAMES BUXTON IN ROME

THE FUTURE of Westland, Britain's ailing helicopter maker, was thrown into further confusion last night after the European aerospace consortium announced a new tactic which threatens to block the rival Sikorsky/Fiat rescue plan for the company.

The consortium is to make a tender *offer for just over* 21 per cent *of* Westland's equity at 130p a share. If the offer is successful, the consortium will speak for 50 per cent of Westland, enough to sink the Sikorsky/Fiat plan to be put to a shareholders' vote on February 12.

Sir John Treacher, Westland's vice chairman, said last night: "This latest manoeuvre by the Europeans has the potential to wreck the Sikorsky/Fiat deal on the table. It worries us."

Mr David Horne, managing director of Lloyds Merchant Bank which is advising the consortium, described the tender offer as an attempt to garner support from Westland's small shareholders, whose *polling is likely to prove decisive* in next month's vote.

Over the past fortnight, the European *consortium* and *Sikorsky,* the US helicopter maker, have both offered premium prices for Westland shares, primarily to institutional shareholders. The result is that the rival camps each speak for about 30 per cent of Westland's equity, with small shareholders holding the balance.

The new tactic by the consortium follows a revised £80m ($112m) rescue plan announced by Sikorsky/Fiat on Monday and backed by the Westland board.

The tender offer is being made by Lloyds Merchant Bank, both for itself, Aérospatiale of France, Agusta of Italy and Messerschmitt-Bölkow-Blohm of West Germany. British Aerospace, which was formerly nominally leading the consortium, and General Electric Company, are *not taking part.*

The British Government was heading for a serious political clash in the House of Commons over the Westland affair after the Department of Trade and Industry said it would not allow three key officials to give evidence to a cross-party defence committee of MPs later today. Page 7

The absence of the two British consortium members drew criticism last night from Mr Peter Cadbury, a director of Morgan Grenfell advising Sikorsky. "Any pretence that this is a British-led consortium must now go out of the window," he said.

British Aerospace and GEC denied last night there was a rift within the consortium. Senior executives stressed that they were maintaining a low profile after the political controversy surrounding Sir Raymond Lygo, managing director of BAe and his relations with Mr Leon Brittan who resigned last week as Trade and *Industry* Secretary.

It emerged yesterday that a senior member of Mr Bettino Craxi's administration in Italy had criticised the behaviour of the consortium and questioned the rationale on which it was based.

Mr Giulano Amato, Minister of State at the Prime Minister's office, told the Italian Senate on Tuesday that the Italian Government did not expect the consortium to win in its bid to gain a minority stake in *Westland.*

By putting up about £15m to support the tender offer, the consortium hopes to woo those shareholders who have been unable to sell in recent weeks, because of the attention paid to institutional blocks of shares.

However, Mr Horne conceded that the tactic was a "gamble." Under a tender offer, all shareholders are entitled to accept, including those such as Mr Alan Bristow (17 per cent), the former helicopter operator, and United Scientific Holdings, (5 per cent), the UK defence contractor, both of whom support the European solution.

Market analysts said yesterday that, in effect, the consortium could be buying its own votes. However, Mr Bristow gave no indication of *selling out yesterday.*

One key factor in the future of Westland will be the attitude of M&G, the *fund management group* which holds 7.5 per cent of the company. M&G has refused to sell in recent weeks but has criticised Sikorsky's share purchases at prices of up to 50 per cent above the market.

Mr David Tucker, a director of M&G, said: "This tender is a further step in the right direction towards someone making a general offer to all shareholders for 100 per cent of the company."

Westland *shares* closed on the London stock exchange at 128p.

Divisions in Opec on supply policies

By Dominic Lawson

THE FIRST signs of cracks in the resolve of the Organisation of Petroleum Exporting Countries (Opec) to fight for market share at the expense of high prices emerged yesterday as the North Sea oil price dipped below $18 a barrel.

The Libyan Oil Minister, Mr Fawzi Shakshouki, said yesterday that Opec should restore "previous reso*lutions relating to quotas and* official prices of their oil."

Opec is producing more than 16m barrels *of oil a day,* compared with its previously agreed quota of 16m barrels. Mr Shakshouki argued yesterday that Opec should cut output to below 16m b/d because "the rise in output does not at all make up for the decline in prices."

A similar approach emerged in reports from the official Iranian newsagency, Irna, which said yesterday that Iran's Deputy Oil Minister, Mr Hossein Kazempour Ardebili, was travelling to Opec members Saudi Arabia and the United Arab Emirates (UAE) to put across an Iranian plan to raise oil prices by *cutting production.*

The UAE Oil Minister, Dr Mana Said Otaiba, yesterday met his British *counterpart,* Mr Peter Walker, in London. He is thought to have asked for UK support in production cuts. But Mr Walker is believed to have once again stressed the UK's resolve not to cut North Sea output.

The initiatives from Libya and Iran will have bolstered the UK's belief that Opec countries have the most to lose from falling oil prices.

Brent, the main North Sea crude, was traded as low as $17.90 a barrel, before closing in London at around *$16.30, still $1.40* below the previous closing range.

Europe unlikely to take lead from Tokyo's rate cut

BY JUREK MARTIN IN TOKYO AND GEORGE GRAHAM IN LONDON

THE BANK OF JAPAN yesterday cut its official discount rate, at which it supplies funds to the money markets, from 5 to 4½ per cent. The change, effective today, is the first reduction in the rate since October 1983.

In Europe, where foreign exchange attention focused on sterling as weaker oil prices undid most *of the currency's gains of the* previous day, dealers were sceptical that Japan's move would lead to cuts elsewhere. The Japanese authorities are known to favour such a move at least by West Germany.

The Tokyo foreign exchange, stock and bond markets took the announcement of the cut in their stride and the yen rose further against the dollar, closing up Y1.10 at Y194.30 – the highest level since December 1976. At one stage, the Y194 barrier was broken.

Mr Satoshi Sumita, the governor of Japan's central bank, noted that the country's economy had been slowing while the current account balance of payments remained in *considerable surplus and* the yen had established itself on a firm trend.

The discount rate cut was thus being made in the expectation that it would help "promote a balanced growth of the economy led by domestic demand, and also contribute to further adjustment of the external imbalance," he said.

The Bank of Japan was not acting to stop the slide in the value of the dollar, he said, and it had no fixed target yen-dollar rate. He did not think the dollar would rise again suddenly, but if it did, the Bank would intervene in the markets in accordance with its commitment at the Group of Five finance ministers meeting in New York last Sepember.

Mr Sumita also hoped Japan's unilateral action might make it easier for other industrialised countries to reduce their interest rates.

Later, a Cabinet minister, Mr Wataru Hiraizumi, director general of the Economic Planning Agency, hinted that the Government was also considering speeding planned public works spending as an additional measure to promote domestic demand.

This conventional Japanese policy tool was used in last autumn's domestic demand package. Next fiscal year's budget provides for a decrease in public works spending of about 2 per cent from this year's levels, but it was not immediately clear if Mr Hiraizumi was referring to the main budget or its counterpart, the Fiscal Investment and Loan Programme, which has been allocated a 6 per cent increase. The discount rate cut will be followed next month by lower deposit rates *and a matching 0.5 per cent* reduction in savings rates also seems likely, rather than the 0.25 per cent sought by the postal savings system.

European central bankers viewed the cut in Japan's discount rate as dictated by its domestic concerns and said it had come sooner than might have been expected after the meeting of finance ministers of the Group of Five industrial nations in London earlier this month. They said *it* would not affect their own decisions on when interest rates should be lowered.

***Political appeal of rate cut,* Page 6; Money markets, Page 33**

Thyssen promises 10% payout after more than doubling profit

BY PETER BRUCE IN DÜSSELDORF

THYSSEN, the West German industrial group and Europe's biggest private sector steel producer, more *than doubled its net profits* in the year to September 30 1985 and said it would be recommending payment of a 10 per cent dividend to shareholders after two years without a payout.

The group finished 1984-85 with net income of DM 472m ($197m) after DM 181m a year earlier and a loss of DM 550m in 1982-83. Total turnover *rose 8 per cent to DM* 44.3bn. Mr Dieter Spethmann, Thyssen's chairman, said all the group's divisions made profits last year and he added that results in the first quarter of 1985-86 had been satisfactory. Average monthly turnover in the first three months, at DM 2.8bn, is 1 per cent up on the corresponding time last year.

Thyssen, now confident *that it* has recovered from its financial crisis of the early 1980s, which resulted from a combination of recession and the *ill-timed purchase of the* Budd company in the US, also said it was planning to ask shareholders to approve the raising of a nominal DM 350m in *new* capital should it prove necessary. Mr Spethmann also said Thyssen would be looking for permission to issue convertible bonds worth up to DM 650m.

Although Thyssen owes much of its success last year to its steel division, which increased net profits from DM 93m to DM 383m because of stronger European steel prices and buoyant exports to the US, the troubled Budd company has clearly begun to respond positively to a four-year rescue effort.

After pre-tax losses of DM 452m in 1982-83 and DM 139m in 1983-84, the US group turned in profits of DM 158m last year. Thyssen said it planned to invest $110m in building a new plant to extend Budd's capacity in plastic automobile parts.

*Transit America, a railway roll*ing stock producer which Thyssen has hived off from Budd, continues to lose money, however, and Thyssen executives say they intend either to sell it or close the entire operation. American buyers are thin on the ground, however, although it is understood that a Japanese manufacturer has shown some interest. *It* is also understood that Thyssen may be loath at the moment, to give up on Transit America altogether because it has recently won the support of the US Eximbank for its efforts to win a big Algerian contract for rolling stock against strong French competition.

Despite Thyssen's optimism for 1985-86, the group has already said that it does not expect its steel division profits this year to grow as quickly as in 1984-85, largely because *of new protectionist* measures in the US and the strengthening of the D-Mark against the dollar.

CONTENTS

EUROPEAN NEWS

David White meets the former head of Rumasa who is under house arrest awaiting trial

Ruiz-Mateos aims his torpedo at Madrid

IN the panelled study looking out onto the lawn and pool of the luxury suburban home where Mr Jose Maria Ruiz-Mateos, former head of the Rumasa business conglomerate, is now under house arrest, there hangs a large, dark oil painting.

It is a 17th or 18th century scene of a noval battle. Its owner, unsure what event it depicts or who painted it, calls it "The Battle of Rumasa."

"I like to think I'm this one here," he says, pointing to a vessel in the centre foreground, lit up by the blaze of cannon. "The Winning Ship."

After seven weeks in a high-security prison, Mr Ruiz-Mateos was allowed to move here ten days ago to await the outcome of pre-trial proceedings on Rumasa, which until the government seized it almost three years ago was Spain's largest private holding group. The visitor needs written court permission to get past the gate.

On his desk stand o statuette of the Virgin and two crucifixes. A polished oval table is covered with neat piles of letters and telegrams from well-wishers. In the drawing-room, silver-framed photographs of his 13 children are on prominent display. The house-dog is an alsatian bitch, which Mr Ruiz-Mateos brought back with him when he was extradited from West Germany in November.

In the 54-year-old financier the composed, charming Andaluz of impeccable manners and dress cohabits with a man who is bewildered, confused and in some way possessed.

He complains repeatedly of being "manipulated."

"Why do they bring me back now, just before the elections?", he asks. "Why did they put me in prison? Why did they take me out of prison?"

Mr Ruiz-Mateos, convinced he is the victim of a plot, claims his business empire was offered as a sacrifice to the political Left.

In his exile — e year in London, three months in prison in Frankfurt and 16 months on bail in the same city — he did little but ponder the shock of being expropriated, and, as he sees it, betrayed.

Convinced of being the victim of a plot, he is preoccupied by the fear of ending up like Mr Roberto Calvi, hanged under a bridge. He claims be had to inspect his food while in prison to make sure it was not poisoned.

The house in the exclusive Madrid suburb of Somosaguas is guarded by five policemen. A police escort accompanies him when he goes into town for permitted meetings. The security, Mr Ruiz-Mateos claims, is not aimed at stopping him escaping but at protecting him. The examining magistrate, he says, has warned him three times his life might be in danger.

He sees the threat as coming from the same people whom he accuses of conspiring with the Socialist Government to have Rumasa seized. Rumasa, he argues, was offered as sacrificial meat to the left, after the Socialists' election victory. By involving the Government in a tangle of embarrassments, the move ensured that nothing else was nationalised. It was, he says, "an economic coup against the Government." Its consequence is that "economic power remains in the same hands as it did before the Socialists came to power."

He is bitter both about the seizure, which he insists was for political and not economic reasons, and about the subsequent "absurd, bungling, clumsy" reprivatisation of Rumasa's diversified subsidiaries.

Mr Ruiz-Mateos, who built Rumasa up from a sherry-trading business in the space of 20 years, still insists the group was not in difficulties. If it was he would have been the first to seek a solution through the Bank of Spain, and would have welcomed a takeover by the state.

"If Rumasa was really in a bad way, what a civilised government would do would be to help it, not sink it."

As for alleged irregularities over tax and social security payments and currency dealings, he maintains that "Rumasa never did anything that was not general practice in the behaviour and customs of Spanish businessmen."

The prospect of being expropriated never crossed his mind, he says. He did, however, consider that a left-wing government might come in and nationalise on the French or Portuguese model. This was why, for instance, he transferred the Dry Sack sherry trade-mark—now under litigation in London—from Rumasa to a Jersey-registered company in 1977, imitating the manner in which the Bacardi rum trademark escaped takeover in Cuba.

But he denies that when he set up a network of interests abroad—not officially linked to Rumasa but, according to the Spanish government, funded from Rumasa banks—he knew a crunch was coming. Spanish officials value these interests at more than £100m.

Mr Ruiz-Mateos says he is prepared to make e pact with the Government to end the long legal wrangles in the UK and Spain. He recognises it is "very difficult" because of the huge abyss between his own evaluation of Rumasa at the time of expropriation at Pta 500bn (£2.5bn) and the Government's estimate of a Pta 200bn negative worth.

However, he is already talking of going back into business, and even of being encouraged to do so. The terms of his house arrest specify he can go out to look after the interests of his defence — and his business affairs. "What this means is: Senor Ruiz-Mateos, start again and forget the past." He says friends have offered him money and that he managed to do "some small speculative deals" while in West Germany. His dream is to revive the Rumasa name and its famous bee emblem. He would like to get back into banking, too, to prove that, as someone who built up a banking empire from one branch to 1,350 branches, he is qualified to do so.

But in the meantime, he hints that ahe Rumasa affair could backfire in severeal directions. He refers darkly to "documents" held by different people in different places. He claims that during the election campaign of 1982, besides contributing to Mr Mannel Fraga's Popular Alliance Party, he also granted Pta 255m in credits — still outstanding — on behalf of another very prominent political figure.

The biggest explosion would come if the constitutional court upheld the second appeal which has been lodged against the seizure of the group.

"The biggest problem for the government right now, more than the referendum on Nato, is the expropriation of Rumasa," Mr Ruiz-Mateos maintains.

What, he asks, will happen if the expropriation law is overruled, now that Rumasa's banks and companies have been sold off piecemeal? Again, he returns to the idea of being used in some strange, machiavellian conspiracy.

"Rumsa is a torpedo, and I am sitting on top of this torpedo. I am driven by mysterious, occult, secret forces, and the torpedo keeps going on its trajectory towards one concrete target. It is aimed at the government."

Air of hope at Vienna troop talks

By Patrick Blum in Vienna

THE VIENNA talks on reducing conventional forces in Europe resume today in an atmosphere of optimism unseen here for many years. Diplomats of East and West both agree that the Western proposal tabled before Christmas may offer an opportunity to break the deadlock in the 12-year-old negotiations.

The Mutual and Balanced Force Rednction (MBFR) talks have been stalled for years over differences on troop numbers and verification procedures, but a senior US official said yesterday that there was now a chance of real progress.

A Warsaw Pact spokesman said: "We hope something will happen this year. 1986 could become a landmark for the Vienna talks," he said, referring to Mr Mikhail Gorbachev's statement that a framework for possible troop reductions in Central Europe may be emerging.

Mr Gorbachev has also indicated a willingness to accept credible verification measures for all disarmament agreements and this is seen as a positive sign by Nato diplomats in Vienna.

Nato is proposing a phased agreement with an initial withdrawal of 11,500 Soviet and 5,000 US troops, to be followed by a commitment not to increase troop levels during the next three years. This would enable the Warsaw Pact to withdraw more troops to meet Western estimates of their current level without losing face. More negotiations would follow to decide on further reductions.

The Warsaw Pact is expected to seek clarification on verification procedures and te press for the removal of weapons to be included in an agreement.

Donor countries aim to provide IDA with $12bn in new funds

BY PAUL BETTS IN PARIS

THE 34 DONOR countries of the International Development Association (IDA), the World Bank's source of cheap money for the poorest countries, are aiming to provide it with $12bn in fresh funds, to cover the three-year period from July 1987.

This is well below the World Bank's estimate that the IDA needs, at least $15bn, but Mr Moeen Qureshi, the senior vice president chairing the replenishment negotiations, suggested here yesterday that $12bn was an acceptable compromise.

The preliminary round of negotiations on the IDA's eighth replenishment this week had been "constructive," he said, and should be concinded by the end of September. Although donor country representatives have fixed a $10.5bn-$12.5bn negotiating range he emphasised that they had all agreed to strive for a $12bn replenishment.

The ultimate amount will depend on negotiations about the terms and conditions of IDA loans. The US, which supplies a quarter of the funds, has been pressing for harder terms and conditions.

Representatives appeared willing to accept some modest changes in IDA loan terms. Mr Qureshi said delegates were prepared to agree to proposals to reduce the maturity of loans from 50 years to 40 years provided the new replenishment was of an acceptable size.

Responding to another US demand, donor countries appeared generally favourable to using some IDA resources in association with the International Monetary Fund's trust fund.

However, Mr Qureshi said that the majority of donor countries were not prepared to consider higher interest rates on IDA loans which the US had also suggested. However, the possibility of reviewing specific loans after 20 years to take stock of changes in a country's situation was discussed.

The $12bn target for the eighth replenishment compares with e total of $10.5bn, including the special fund for Africa, for 1984-87, and $12bn for the previous three-year period.

Mr Qureshi said the Paris meeting had also agreed that IDA's key priority should be assistance for sub-Saharan Africa. However, there was also agreement that the flows of concessional aid resources to Indian and China should not be less than current nominal levels. Africa accounts for 42 per cent of IDA aid while Indio and China together account for 31 per cent.

FINANCIAL TIMES

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Redemption Notice

Electricity Supply Commission

(South Africa)

9¼% Guaranteed Sinking Fund Debentures Due 1989

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 1, 1974 under which the above described Bonds were issued, that Citibank, N.A., as Fiscal Agent, has selected for redemption on March 1, 1986 $1,286,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to March 1, 1986. The serial numbers of the Bonds selected for redemption are as follows:

BOND NUMBERS

6	1133	2955	4240	5455	6496	7378	[illegible]	9057	10901	11426	11881	12406	12646	12918
24	1163	2960	[illegible]	5460	6500	7383	[illegible]	9062	10906	11431	11886	12408	12648	12920
29	1176	2975	4248	5465	6506	7388	8401	9067	10916	11441	11888	12411	12658	12924
34	1180	2979	4252	5482	6520	7393	8408	9072	10921	11446	11893	12413	12660	12928
40	1190	2987	4262	5496	6525	7403	8414	9082	10926	11451	11901	12416	12663	12931
50	1207	2992	4266	5500	6531	7408	8419	9087	10931	11456	11905	12418	12665	12934
65	1391	[illegible]	4270	5505	6585	7410	[illegible]	[illegible]	10941	[illegible]	11909	12420	12668	12936
[illegible]	1396	3085	4275	5516	6571	7418	[illegible]	[illegible]	[illegible]	11471	11913	12422	12670	12939
83	1411	3090	4331	5541	6590	7428	8434	9155	10951	11476	11921	12425	12673	12941
93	1416	3130	4338	5556	6594	7434	8463	9160	10958	11481	11925	12427	12677	12944
98	1421	3134	4345	5561	6604	7442	8481	9165	10966	11491	11929	12430	12679	12948
103	1431	3159	4349	5568	6676	7447	8486	9170	10971	11496	11933	12433	12682	12950
108	1436	3163	4358	5576	6681	7453	8491	9180	10976	11501	11941	12436	12687	12953
128	1441	3181	4363	5580	6686	7468	8496	9185	10981	11506	11946	12438	12690	12956
141	1446	3186	4367	5585	6698	7474	8510	9190	10991	11516	11949	12441	12700	12959
151	1467	3198	4371	5590	6705	7500	8515	9195	10996	11521	11953	12443	12703	12963
156	1472	3202	4381	5600	6713	7506	8525	9208	11001	11526	11961	12446	12705	12965
174	1477	3210	4396	5605	6718	7526	8558	9213	11006	11531	11965	12448	12708	12968
179	1483	3214	4431	5618	6728	7531	8568	9218	11016	11541	11969	12450	12710	12971
194	1488	3239	4435	5623	6733	7540	8573	9223	11021	11546	11973	12452	12714	12974
199	1491	3243	4445	5633	6738	7550	8578	9239	11026	11549	11981	12455	12720	12988
204	1518	3428	4449	5637	6743	7555	8585	9244	11031	11553	11985	12457	12723	12991
213	1535	3430	4453	5641	6767	7560	8598	9249	11036	11561	11989	12460	12727	12994
218	1540	3434	4457	5646	6791	7569	8604	9254	11041	11565	11993	12462	12729	12999
223	1545	3438	4473	5668	6796	7579	8609	9502	11046	11569	12001	12463	12732	13001
231	1555	3446	4478	5673	6801	7587	8614	9670	11051	11573	12005	12467	12735	13004
238	1580	3459	4492	5678	6811	7592	8634	9875	11056	11581	12009	12470	12738	13008
244	1586	3464	4496	5685	6816	7597	8639	9880	11066	11585	12013	12472	12742	13010
250	1591	3468	4514	5696	6821	7607	8644	9890	11071	11589	12021	12476	12745	13014
262	1601	3478	4519	5700	6826	7612	8649	9895	11076	11593	12025	12478	12748	13016
272	1606	3482	4527	5704	6836	7617	8659	9900	11081	11601	12029	12482	12750	13019
279	1611	3486	4531	5709	6841	7622	8664	9905	11091	11605	12031	12486	12753	13023
284	1618	3490	4539	5734	6857	7633	8669	9915	11096	11609	12041	12490	12755	13026
294	1628	3498	4543	5739	6862	7641	8674	9920	11101	11613	12045	12492	12759	13029
299	1631	3502	4547	5744	6879	7648	8684	9925	11106	11621	12049	12495	12762	13031
307	1636	3510	4551	5749	6912	7705	8689	9930	11118	11625	12053	12497	12765	13034
312	1641	3514	4559	5764	6917	7716	8694	9940	11121	11629	12061	12500	12768	13036
338	1651	3522	4563	5769	6926	7720	8699	9945	11126	11633	12065	12503	12772	13179
343	1663	3529	4568	5775	6943	7725	8709	9950	11131	11641	12069	12506	12774	13181
348	1668	3555	4805	5780	6965	7730	8714	9955	11141	11645	12073	12508	12777	13184
353	1702	3559	4813	5791	6960	7761	8719	9956	11146	11649	12081	12510	12779	13186
361	1775	3563	4817	5796	6966	7766	8724	9965	11151	11653	12085	12512	12782	13189
368	1780	3571	4821	5800	6976	7771	8734	10558	11156	11661	12089	12515	12784	13193
401	1785	3591	4825	5805	6981	7782	8739	10563	11166	11665	12093	12517	12787	13196
417	1795	3595	4831	5820	6986	7793	8746	10568	11171	11669	12101	12520	12789	13199
427	1800	3599	4837	5827	6991	7798	8754	10578	11176	11673	12105	12523	12792	13203
432	1824	3806	4841	5831	7002	7803	8764	10583	11181	11681	12109	12525	12794	13206
437	1896	3810	4845	5836	7007	7808	8769	10588	11191	11685	12113	12527	12797	13220
443	1915	3822	4853	5846	7012	7818	8774	10593	11196	11689	12121	12531	12800	13224
455	1936	3826	4857	5859	7017	7823	8779	10603	11201	11693	12125	12533	12803	13226
460	1941	3880	4861	5871	7027	7828	8800	10608	11206	11701	12129	12536	12806	13239
471	1960	3895	4865	5876	7032	7843	8805	10613	11216	11705	12138	12541	12808	13241
499	1965	3899	4924	5886	7037	7848	8810	10618	11221	11709	12178	12545	12810	13248
504	1980	3903	4929	5894	7042	7853	8815	10696	11226	11713	12182	12548	12813	13251
514	1985	3911	4934	5898	7058	7858	8825	10701	11231	11721	12186	12551	12815	13254
519	2007	3915	4938	6002	7062	7868	8830	10706	11241	11725	12190	12555	12818	13258
524	2012	3919	4949	6087	7067	7873	8839	10710	11246	11729	12198	12558	12822	13345
541	2032	3948	4955	6092	7075	7878	8844	10721	11251	11731	12202	12561	12825	13350
546	2038	3959	4964	6097	7088	7883	8854	10726	11256	11741	12206	12566	12828	13353
551	2045	3964	5008	6102	7092	7893	8859	10731	11266	11745	12210	12568	12832	13357
606	2050	3968	5031	6112	7099	7898	8864	10741	11271	11749	12218	12571	12835	13360
610	2062	3972	5056	6117	7106	7903	8868	10746	11276	11753	12222	12575	12838	13363
615	2068	3990	5061	6122	7115	7908	8879	10751	11281	11761	12226	12578	12840	13365
702	2085	4051	5066	6126	7120	7918	8884	10756	11286	11765	12230	12581	12844	13368
748	2105	4106	5256	6200	7125	7923	8889	10766	11291	11769	12234	12585	12848	13372
778	2187	4110	5270	6205	7130	7928	8894	10771	11296	11773	12242	12587	12852	13376
783	2192	4118	5275	6210	7140	7933	8904	10776	11301	11781	12246	12591	12855	13379
788	2296	4122	5286	6224	7145	7944	8909	10781	11306	11785	12250	12593	12856	13382
795	2305	4126	5300	6284	7150	7959	8914	10791	11316	11789	12254	12596	12858	13387
806	2315	4130	5305	6289	7224	7967	8919	10798	11321	11793	12258	12598	12860	13390
812	2320	4138	5310	6294	7234	7972	8927	10801	11326	11798	12262	12598	12863	13390
817	2325	4143	5315	6298	7239	7990	8962	10806	11331	11801	12266	12603	12867	13393
830	2330	4161	5325	6324	7244	8015	8967	10818	11341	11805	12270	12606	12870	13397
840	2340	4165	5350	6336	7249	8020	8972	10821	11346	11809	12278	12610	12871	13400
878	2345	4175	5368	6361	7250	8025	8982	10826	11351	11813	12282	12612	12873	13402
895	2350	4179	5372	6373	7264	8055	8987	10831	11356	11821	12286	12616	12879	13405
909	2435	4183	5377	6395	7269	8125	8992	10841	11366	11825	12290	12618	12882	13408
914	2459	4187	5382	6400	7274	8130	8997	10846	11371	11829	12298	12621	12885	13416
1029	2464	4196	5391	6401	7294	8136	9007	10851	11376	11831	12302	12623	12888	14991
1034	2540	4199	5401	6410	7330	8145	9012	10856	11381	11841	12346	12626	12892	14993
1047	2545	4203	5407	6415	7335	8150	9017	10866	11391	11845	12352	12628	12895	14995
1050	2626	4207	5416	6421	7340	8155	9022	10871	11396	11849	12353	12631	12898	14997
1061	2670	4215	5426	6456	7352	8160	9032	10876	11401	11853	12356	12633	12900	15000
1071	2844	4219	5430	6463	7357	8170	9037	10881	11408	11861	12358	12636	12903	
1116	2849	4223	5435	6475	7363	8175	9042	10891	11416	11865	12361	12638	12907	
1121	2910	4227	5440	6490	7368	8180	9047	10896	11421	11869	12365	12641	12910	
										11873	12367	12643	12913	

On March 1, 1986 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to March 1, 1986, all as more fully provided in the Bond. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts, upon presentation and surrender of said Bonds with all coupons appertaining thereto maturing after March 1, 1986, at the **Municipal Processing Department, 5th Floor, Citibank, N.A., 111 Wall St., New York, N.Y. 10043.** Payment of the Bonds (subject to applicable laws and regulations) will also be made at the offices of Citibank, N.A., in Amsterdam, Brussels, Frankfurt/Main, London, Paris, Luxembourg and at Kredietbank, S.A. Luxembourgeoise, Luxembourg, by check on a dollar account, or by a transfer to e dollar account maintained by the payee with a bank in New York City.

On and after March 1, 1986, the date fixed for redemption, interest on said Bonds will cease to accrue. Coupons maturing on or prior to March 1, 1986 should be detached from said Bonds and presented for payment in the usual manner.

For ELECTRICITY SUPPLY COMMISSION
CITIBANK, N.A.
as Fiscal Agent

January 30, 1986

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Compliance Act of 1983 unless the Fiscal Agent has the correct tax identification number (social security or employer identification number) or Exemption Certificate of the payee. Please furnish e properly completed form W-9 or Exemption Certificate or equivalent when presenting your Securities.

French companies criticised for failure to adapt

BY DAVID HOUSEGO IN PARIS

FRANCE'S SHARE in world trade in manufactured goods appears to have flattened out last year after a lengthy period of decline, according to a srody from the Planning Commission.

The study, with which Industrialists were associated, blames the loss of merket share on companies' failure to adapt their products to changing market conditions and on inadequate salesmanship. It says that in none of the sectors atudied — which included machine tools — was technological backwardness the main reason for loss of market share.

Industry's share of world trade in manufactured goods slipped from 8.3 per cent in 1979 to 6.8 per cent in 1983. It says that West Germany and other European countries also lost market share to US industry and Japan at that time.

The authors believe, however, that France's loss of market share was more concentrated in industrialised countries — thus suggesting a loss of competitiveness with its main trading partners.

They argue also that France, unlike Jepan and West Germany, has suffered from not having an industrial structure based around key competitive sectors. French industry, it says, is widely spread across a large number of activities.

Reflecting the loss of competitiveness, the report traces the sectors in which import penetration has risen sharply. For industry as a whole, the share of foreign goods in the domestic market rose from 24 per cenl in 1973 to 31 per cent in 1984. Bnt in the beavy trucks and transport equipment sector, foreign manufacturers increased market share from 21 per cent to 32 per cent.

This opening-up of the French market, however, was largely offset by the growing export awareness of Frencb companies. Exports of capital goods accoumetd for 48 per cent of capital goods production in 1984 as opposed to only 38 per cent four years before.

In its study of particularly industries, the report makes much of the speed with which the Italian furniture industry has adapted its products and sales drive to changing market conditions compared with the sector'a slow response in France.

The authors found considerable criticism of French industrdy's delivery times and after-sales service. They also blame French industry for turning too often to state aid.

Ozal expects Turkey to join EEC within decade

BY DAVID BARCHARD IN ISTANBUL

TURKISH BUSINESSMEN and companies should make their plans on the assumption that the country will be a full European Community member in 10 years' time, Mr Turgut Ozal, the Prime Minister, said yesterday.

Mr Ozal, addressing the annual general meeting of the lnfluential Turkish industrialists' and buslnessmen'a association, warned that European Community membership would mean more than just a unilateral decision by Turkey to join.

"It is not enough," he said, "for us to be determined to join. It does not matter whether we join on this date or that Turkey's industry must start organising itself for the burdens of membership."

Turkey's major industrialists in Istanbul are the leading lobbyists for an application to join the Community at an early date, believing their economy must integrate fully with Western Europe.

Many economists qnestion whether Turkey's private-sector industry is sufficiently strong yet to survive the competition which would accompany EEC membership.

Under the 1964 Treaty of Ankara, Turkey is an association member of the Community aiming at eventual full membership.

Twelve close inflation gap with trade rivals

BY PAUL CHEESERIGHT IN BRUSSELS

INFLATION RATES in the European Community are continuing to decline and the gap between the Communlty, the US and Japan will close further this year. The European Commission yesterday publisbed this assessment after analysis of price trends in the world's three major trading powers.

The latest figures show that in the year to last October the overall Community inflation rale at 5.1 per cent was respectively 3 percentage points and 1.9 percentage points above those of Jepan and the US. Bnt expected movements in exchange rates this year should play a significant role in shifting the differentials.

Until last year, the depreciation of the Ecu egeinst the dollar lifted prices in the Community but depressed them in the US, the Commission noted. There should be a reverse this year.

The nominal effective exchange rate in the Communlty, in relation to its principal trading pertners, wll exert "a strong restraining influence (up to 0.9 percentage points) on the price of total final expenditure," the Commission said. By contrast, exchange rates in the US are expected to boost final expenditure by 0.9 percentage points.

A similar pattern is expected to emerge from the influence of domestic factors on prices. They accounted for 3.9 percentage points in the Community and for 3.2 percentage points in the US last year—in both cases higher than Japan.

This yeer, however, domestic fectors in the Community will contribute 2.7 percenlage points to price rises but 3.6 percentage points in the US, according to the Commission analysis. Again, cost pressures in Japan will be lower than either the US or the Community.

Breaking its assessment down further, the Commission calculated that in only two countries, Greece and the UK, would unil labour costs give a stronger boost to prices than in the US.

Although the trend of inflation is generally downwards in the Community there are sharp national variations. The annual rate has been 1.8 per cent In West Germany but 21.1 per cent in Greece.

CONSUMER PRICES
% change

	1982	1983	1984	Oct. 84-Oct. 85
EEC	10.1	7.6	6.3	5.1
US	6.2	3.2	4.3	3.2
Japan	2.7	1.9	2.2	2.1

Source: European Commission

Natta heals rift with Moscow

By James Buxton in Rome

THE ITALIAN Communist leader, Mr Alessandro Natta, appears to have bealed his party's rift with the Soviet Union during a successful visit to Moscow which ended yesterday.

Mr Natta, who was received with unusual warmth by Mr Mikhail Gorbachev, insisted here yesterday that there bad never been any "interruption" or "damage" to relations and that, therefore, there had been nothing to heal.

But there is little doubt that the Italian party is now on much better terms with its Soviet counterpart than it was earlier in the decade. The Italian Communists have warmly welcomed Mr Gorbachev's initiative on arms control and nuclear testing.

After the imposition of martial law in Poland in 1981, Mr Enrico Berlinguer, Mr Natta's predecessor as party secretary, publicly questioned whether the Soviet experience had any relevance for West Europeans.

The Soviet Union responded by calling the Italian party anti-Soviet and accusing it of aiding imperialism and anti communism. No party leader visited Moscow between 1978 and Mr Natta's visit this week, apart from formal attendance at the successive funerals of Soviet leaders.

Since Mr Gorbachev's arrival in power there have been moves within the Italian party, not only from its Stalinist wing, for better relations with Moscow.

BUOYANT OUTLOOK FOR WEST GERMAN CAR COMPANY

Daimler-Benz celebrates its 'ton'

BY JOHN DAVIES IN STUTTGART

THE West German motor company, Daimler-Benz opened its centenary celebrations here yesterday before the elite of the motoring world.

Top car manufacturers, racing drivers, chauffeur-driven businessmen and diplomets have all descended on the city to mark the acbievements of Carl Benz and Gottlieb Daimler, regarded (in Germany at least) as founders of the motor industry.

Even the French wbo celebrated what they assert to be their own motor centenary two years ago, sent a few representatives.

Even for e company thet nurtures its image with greet care, the centenary could scarcely bave come at a better time. Its compact and its new medium class models helped Daimler Benz increase its sales in West Germany by 17 per cent last year, in sharp contrast to e slight decline in the market as a whole.

While BMW, Opel, Ford, Audi, Fiat and Renault all lost market share, Daimler-Benz increased its share along with Volkswagen and the Japanese. Its share went up to 11.5 per cent from 9.8 per cent in 1984. It has yet to announce its 1985 profits or dividend, bui with sales abroad also buoyant, it bas made clear that shareholders can expect generous treatment to mark its centenary.

The company has also expended in high-technology areas during the past year, gaining full ownership of MTU the aero and marine engine maker, taking a controlling stake in Dornier, the aircraft manufacturer and buying a majority of AEG, the electrical group.

These moves, making Daimler-Benz West Germany's biggest business in terms of sales revenue (above DM 50bn), bave been viewed with some misgivings especially in the neighbouring and rival state of Bavaria. In its bome state of Baden-Wuerrtemberg, however, Daimler-Benz's star symbol is shining more brightly than ever.

Mr Lotber Spaeth, the state premier, told thousands of guests et an exhibition of vintage models yesterday that the car industry had lifted southern West Germany "out of the poor house" into prosperity. "A bundred yeers ago, we exported people because they did not have enougb to eat," he said.

Today, Daimler-Benz, which has 70,000 of its 200,000 workers in and around Stuttgart is one of the country's biggest exporters. The whole West German industry produced a record 4m cars last year and exported more tben 60 per cent of them.

Prof Werner Breitschwerdt, Daimler-Benz's wiry cbief executive, said that car technology would concentrate even more on safety, energy saving and exhaust control in the future. One aim should be to cut the car accident rate in half by the year 2000 through using technology to offset human error.

Chancellor Helmut Kohl agreed that no-one could stand idly by as long as 8,000 people were being killed and 400,000 injured in road eccidents in West Germany every year.

Nothing could dim the optimism of Prof Breitschwerdt, however. "Everywbere ln the world it is only a small minority that does not recognise or does not want to recognise the progress made possible through the car," be said. "The future belongs to the car."

Soares courts Communists but shuns party

BY DIANA SMITH IN LISBON

MR MARIO SOARES, runner-up in the first round of the Portuguese presidential election, has opened his bid for victory in the February 16 run-off by declaring that be rejects the support of the Communist party as such, but will accept votes from workers who normally vote Communist.

"I will negotiate with no party and no individual," be told a news conference. "The Communist party must decide whether it wants to let Prof Diogo Freitas do Amaral (the Conservative candidate) win thanks to Communist abstention or see me win. As communists, many workers may dislike me—but I think, as workers, they prefer me to Prof Freitas do Amaral."

A democratic socialist who has slated tbe Communist party as an undemocratic force since the brief 1975 left-wing revolution, Mr Soares faces an exceptionally strong, well-organised challenge from Prof Freitas do Amaral next month. Like it or not, be has to rally the militant Left behind him if be is to exceed the 46.3 per cent his opponent took in the first round, and acbieve a majority of more than 50 per cent.

Mr Soares also addressed moderates on his rigbt, warning that while he believes Prof Freitas do Amaral to be a democrat, eround him are people nostalgic for Portugal's dictatorial past

He presents himself as a conciliatory, stabilising force. He argues thet victory for his rival would polarise politics, unleash latent far-right-wing dynamics and hamper the peaceful economic development Portugal needs.

Part of Mr Soares's argument was born out by the ugly bebaviour of right-wing youths after Sunday's election gave a Prof Freitas a strong vote. There is a genuine fear among moderate Portuguese that veiled anti-democratic urges among citizens who lost power and privilege in 1974 could erupt with a conservalive presidential victory.

Turks sign protocol for coal power plant

By David Barchard in Ankara

TURKEY'S Ministry of Energy and Natural Resources has signed a protocol with a consortium composed of Bechtel and Combustion Engineering of the US and KWU of West Germany to build a coal-fired power plant at Tekirdag in Thrace.

The agreement will have to be complemented by a financial deal before a final contract can be signed.

If it goes ahead, the power plant may be the first to be built under Turkey's "Ozal Model" in which a foreign company sets up a joint venture with a Turkish partner to build and operate a power plant for 15 years before handing it back to the Turkish authorities.

The foreign partners in the Tekirdag scheme are expected to hold 70 per cent of the equity in a $200m venture.

However, Eximbank of the US bas reportedly been stalling over whether to back the deal unless a sovereign guarantee is provided by the Turkish Government. So far, the Turkish authorities have been willing only to supply market and prices guarantees.

The Tekirdag project will be fuelled with coal supplied by Shell.

Negotiations betweeo the Turkish Government and Seapac of Australia were also in progress in Ankara yesterday.

Bechtel is reported to have asked for a price of 4.6 cents a unit. Thot has apparently still to be finally accepted by the Turkish authorities, who bave rejected a 5.5 cents a unit price from Brown Boveri in a rival deal.

The Tekirdag plant will bave a production capacity of 4.5bn kwb a year and cost up to $900m.

The fate of all those schemes, however, is likely to hinge on wbether a 630Mw nuclear power plant at Akkuyu goes ahead. Agreement was reached last autumn between the Turkish Electricity Authority and AECL of Canada, but so far it has not been followed by the necessary financing to support it.

● Turkey's Inflation rate will slow to 38 per cent this year from 42 per cent in 1985, but will still exceed the Government's 25 per cent target, a senior businessmen's association said yesterday, Reuter reports from Istanbul.

AMERICAN NEWS

Search starts for clue to cause of shuttle disaster

BY PAUL TAYLOR IN CAPE CANAVERAL

THE IMMEDIATE focus of the five-man interim investigation team established by the National Aeronautics and Space Administration to probe the Challenger tragedy is to collect and secure all the computer and other data associated with the space shuttle's launch and brief flight, and to oversee the continuing search for debris.

Nasa hopes that this information may provide clues to the cause of the explosion which climed the lives of Challenger's seven crew members about one minute after the space shuttle lifted off from Cape Canaveral, Florida, on Tuesday morning.

The interim investigation team, named by Mr Jesse Moore, associate administrator for space flights et Nasa beadquarters, in the wake of the accident bas moved quickly to secure vital material from o wide range of sources. Among these are:

● Debris from the Challenger. Nasa officials and eye witnesses report that debris from Challenger "rained down" for an hour after the explosion.

Yesterday et dawn an air and sea search, involving eight Nevy and Coastguard vessels and seven aircraft including three Coastguard helicopters, was resumed.

Mr Mikhail Gorbachev, the Soviet leader, yesterday sent a telegram to US President Ronald Reagan saying that the Soviet Union shares "Your grief at the tragic death of the crew of the space shuttle Challenger," Patrick Cockburn writes from Moscow.

The Soviet news agency Tass had already given yesterday a lengthy account of the causes of the accident, quoting American experts. It did not repeat previous Soviet claims that the shuttle programme had become a largely military venture with a key role in strategic defence initiative (star wars).

Tass quoted an American technician as saying that Nasa had not studied sufficiently the technical difficulties of reusing the shuttle because "It was in a hurry to turn them into real commercial aircraft."

The destruction of the shuttle is likely nevertheless to increase Soviet disbelief that star wars is feasible or that the US is capable of building an anti-ballistic missile system which could not be penetrated by the Soviet Union.

The search, covering an 6,000 square mie erea of the Atlantic off tho Florida coast, had been suspended overnight because of concern that the ships might collide with floating, and possibly dangerous, debris on the surface. By nightfall on Tuesday the coastguard—led search teams had already recovered "scattered debris" including some material with markings, according to Lt Commander Jim Simpson of the US Coastguard.

Among the debris recovered so far are several "large pieces," one measuring 10 ft.

There are also reports of debris being washed np along the Florida coast overnight, prompting a warning from the Defense Department to bounty hunters that some of the material could be toxic or explosive.

The recovered debris is being transported to Patrick Air Force Base for study by a formal investigative team whose members are expected to be named shortly.

● Film and video footage. Each shuttle launch is monitored by batteries of remote-controlled still and motion picture cameras which surround the launch pad. Many of these cameras are within a mile of the launch pad itself and are activated by sound waves.

Cameras

Some of these cameras are operated by Nasa, others by the Press corp. In the eccident aftermath, Nasa bas impounded all the cameras and film from the remoto locations. Nasa is likely to use computer graphics to enhance video footage of the moment of the explosion which appeared to television viewers to show the fire ball which consumer Challenger being generated by a flash of flame between the shuttle and its huge external fuel tank.

● Hardware. Nasa has "frozen" all the equipment used at the shuttle launch pad, vehicle assembly and cargo handling areas at the Kennedy Space Centre. The area has been put "off limits" to visitors and the normal public tourse have been suspended.

● Computer data. A shuttle launch generates enormous volumes of computer data which will now be pored over by system experts and programmers. Aside from the shuttle and launch pad instrument information, recorded in the minutes leading up to and after a launch, Nasa's computers monitor every step in the lengthy procedure of readying a spacecraft for flight.

Computers

The "beart" of o shuttle launch is the Launch Processing System (LPS), a highly automated computer-controlled overseer of the entire launch operation. From the moment a shuttle spacecraft returns to Cape Canaveral for launch, every aspect of its preparation is directed and then recorded by computers. In the case of Challenger, this computer information covers the best part of three months.

The LPS continually monitors the shuttle and its ground equipment, including environmental controls and the equipment that loads the liquid hydrogen, liquid oxygen and solid fuel propellants. Thousands of temperature, pressure, flow rates, liquid levels, turbine speeds, voltages, current, valve and switch positions end many other measurements are under constant surveillance by the LPS durng preparation for a launch. In some cases these measurements are taken several times o second by LPS computers and then recorded on large mainframo machines.

The space centre's Control Data Subsystem consists of a handful of large-scale Honeywell computers that store test procedures, vehicle processing data, a master programme library, historical data, pre- and post-test data and other information. These computers run programmes using a sophisticated high-level computer language called Ground Operational Aerospace Language (GOAL).

During a leunch itself, vast amounts of unprocessed shuttle instrumentation data is recorded and stored for future playback sbould Nasa officials need to "tronbleshoot" shuttle problems. A limited amount of data during a launch is sent directly to screens in the firing room.

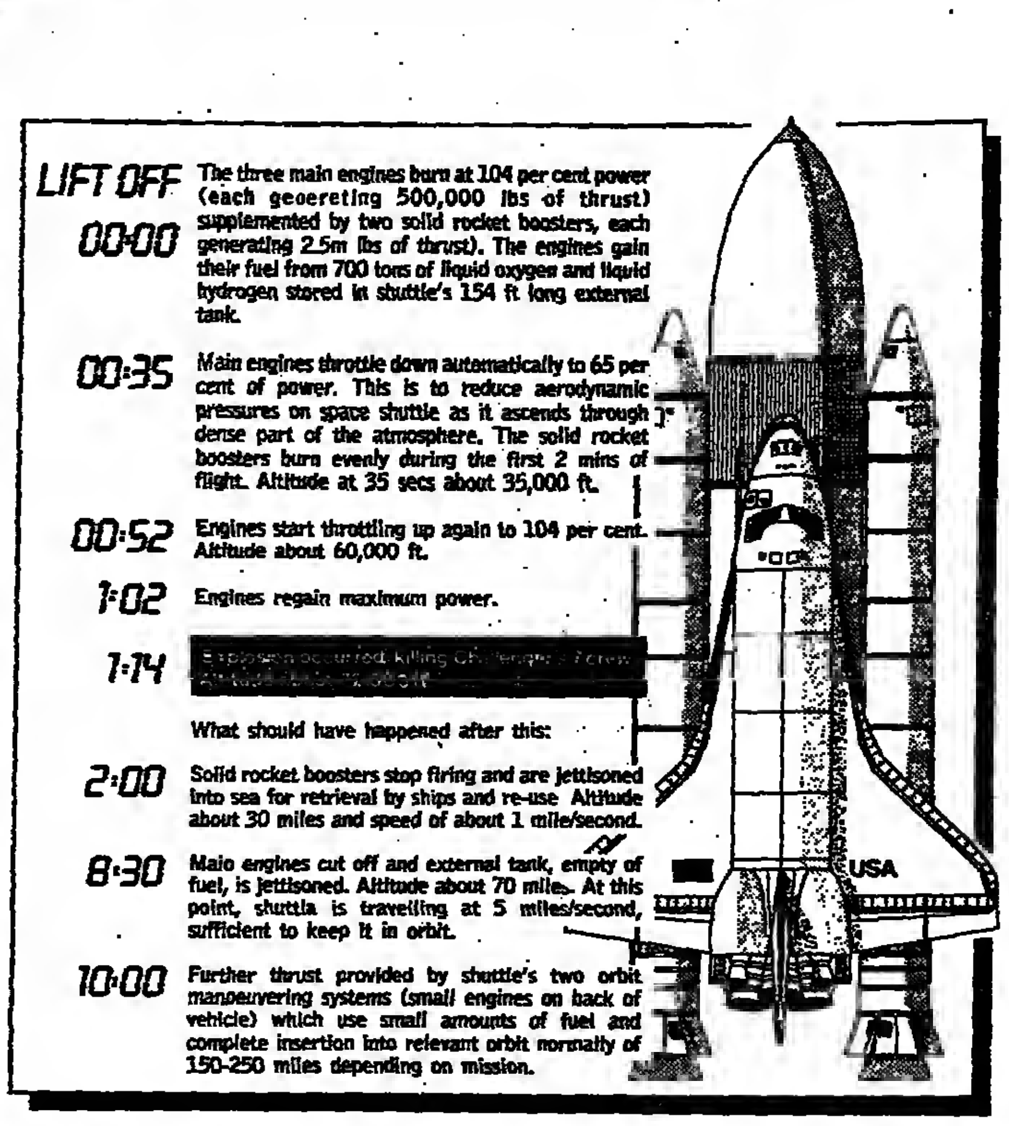
Insight

Nasa has said that flight controllers during the Challenger launch detected "nothing unusual" up to the point of the explosion. However, stored computer data could provide a much deeper insight into the fatal last seconds of the mission.

In addition to collecting this computer data, the Nasa investigation team has also impounded notes made by any member of the launch team and flight operations team.

Nasa officials ere extremely cautious in estimating how long it will take to seive through this vast jigsaw puzzle of information. Mr Moore has said only thet the investigation will be conducted "just as quickly as we possibly can but also as prudently as we possibly can and as thoroughly as we possibly can."

Until the investigation is completed, Nasa officials say the US space shuttle programme is suspended. The best estimates suggest it will be months rather than weeks before Nasa has any real answers to the qnestion — what went wrong on Challenger?



Arianespace postpones image building

By Paul Betts in Paris

ARIANESPACE, the French-led company marketing the flights of the European Ariane space rocket, has postponed a Press conference set for today at which it had been expected to boast the merits of the European launcher over the rival US shuttle.

The company said that it would have been "inopportune" to hold the conference, which was partially designed to boost Ariane's image after its launch failnre last September. Mr Frederic d'Allest, the Arianespace chairman, had been expected to discuss the group's plans to open an office in Jopan, future launches and the general outlook for the Ariane rocket.

Although Ariane officials in Paris yesterday were expressing their sadness over the tragic explosion of Challenger, the commercial and technical impact of the disaster on the European and French space industry was already being discussed. Arianespace officials declined to discuss the commercial implications of the disaster on the European space rocket, but confirmed that the Ariane order book involved more than $1bn (£746m) and included the launch of 28 satellites up to 1988-89.

The Nasa setback is bound to attract more commercial interest in Ariane and perhaps persuade potential customers hesitating between the two rival satellite launch systems to choose the European rocket.

However, it seems extremely unlikely that Ariane would be able to absorb a large inflow of new short-term orders because of the US space shuttle disaster. Indeed, Ariane has recently been having launch problems of its own although insignificant in comparison with Tuesday's tragedy.

Ariane suffered a setback last September when it failed shortly after lift-off from Kourou in French Guiana and destroyed two communications satellites. The disaster was witnessed by President Mitterrand. It was the first failure of Ariane, whose $1bn development costs have been 60 per cent financed by France since September 1982. Indeed, since that time, the European rocket had chalked up nine successive missions and become a serious rival of the US space shuttle.

The September failure last year has brought the number of Ariane failures to three out of 15 missions.

Because of the failure, Arianespace has been forced to reschedule its timetable of eight launches this year. One of the victims of the delay is the French TDF-1 direct broadcasting television satellite. TDF-1, itself a highly controversial project, was due to be launched in July but will probably be launched next November.

However, Arianespace has said that although Ariane will not have launched a satellite in space for about seven months—the 16th and next launch was recently postponed until next month—this should not affect its commercial prospects.

MoD faces delay over Skynet launch

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Ministry of Defence is faced with a dilemma over its forthcoming launches of Skynet 4a and 4b military communications satellites, scheduled for the US space shuttle in June this year and January 1987.

Delays to the launch of the two Skynets could cause difficulties for the defence communications system, but the ministry's problem is that it does not know how long any shuttle delays may last in the wake of the disaster on Tuesday.

In common with other prospective users of the shuttle for satellite launching purposes, it has to wait for a decision from the US National Aeronautics and Space Administration (Nasa) on a revised shuttle schedule and a new allocation of priorities in shuttle payloads.

The ministry's problem is compounded by the fact that the alternative European Ariane launcher's schedule is already fully booked for a considerable time ahead and that competition for any availeble launch slots on it is likely to be formidable.

A possible solution, which may yet have to be considered by the US itself, is a temporary reversion of planned shuttle payloads to conventional rocket launching from Cape Kennedy in Florida or Vandenberg in California, in order to keep the queue of customers contented while the shuttle problems are analysed and corrected.

Peter Marsh adds: The Challenger disaster may strengthen the case for Britain choosing Ariane, the European rocket which is a direct rival to the US shuttle fleet, for the launch of the Skynet 4c satellite in 1988.

Prior to this week's tragedy, Mr Roy Gibson, director general of the British National Space Centre, had intervened in favour of the European vehicle because, in plumping for Ariane, Britain would show greater solidarity with the other 10 members of the European Space Agency. At the same time the French Government has been pressing London to opt for Ariane for the 4C.

● West Germany has postponed plans for recruiting six new astronauts and expects delays in a planned joint space mission in 1988 with the US, after the explosion of the space shuttle Challenger, the government said yesterday, AP reports from Bonn.

Lyng named Agriculture Secretary

By Nancy Dunne in Washington

PRESIDENT REAGAN yesterday named Mr Richard Lyng, the overwhelming choice of the Washington DC farm lobby, to succeed Mr John Block as Secretary of Agriculture.

Mr Lyng, a Reagan Administration insider, served as California Secretary of Agriculture from 1967 to 1969 when the President was governor. He seemed headed for the secretary post in the first Reagan Administration, but then Mr Reagan bowed to objections from congressional leaders who wanted a midwesterner. Mr Block got the job and Mr Lyng agreed to serve as his deputy to show him the ins and outs of Washington.

Mr Lyng got his start in his family's animal feed business. In the 1970s he served as assistant agriculture secretary under President Reagan. Later he was president of the American Meat Institute and co-chairman of Mr Reagan's agricultural campaign in the 1980 election. In 1982 he had quadrupla bypass heart surgery and, at 67, his health was a matter of concern.

According to some reports, the White House considered a midwesterner for the secretary's job, but the support for Mr Lyng on Capitol Hill and among farm groups was simply too strong to ignore.

Described as tough and a shrewd negotiator, Mr Lyng is believed capable of representing farm interests within the Cabinet where agriculture's welfare has often been sacrificed to military and foreign policy concerns.

US urges Chevron to end Angola activities

BY REGINALD DALE, US EDITOR IN WASHINGTON

THE Reagan Administration for the first time has urged the Chevron Oil Company to consider ending its activities in Angola, where its Gulf subsidiary is responsible for most of the Marxist Government's $2bn (£1.4bn) annual oil revenues.

Gulf's operations for some time have been e target of American Conservatives, who blame the company for indirectly financing the Soviet-backed Government's war against the Unita rebels, led by Mr Jonas Savimbi, e special fevourite of US right-wingers. Hitherto, however, the State Department has supported Gulf's presence in Angola, where the company has been operating for 30 years.

The Administration's change of line was apparently intended to put pressure on the Angolan Government to make concessions in the long-running diplomatic negotiations for a wider southern African peace settlement that would include independence for Namibia and withdrawal of the estimated 30,000 Cuban troops supporting the Angolan Government. Reliable estimates have suggested that the Government spends ebout $400m of its oil revenues each year on its Cuban allies, in eddition to funds used to acquire Soviet military equipment.

Mr Chester Crocker, Assistant Secretary of State for African Affairs, told e news conference on Tuesday that the Administration was telling Chevron and other American companies operating in Angola that "they are in the middle of a war zone, that they are also in the middle of s rather hot political debate in this country, and that they should be thinking about US national interests as well as their own corporate interests as they make their decisions."

Chevron, in e statement issued by its San Francisco headquarters, appeared taken eback by Mr Crocker's remarks and said thet it bad not been notified of any change in Administration policy.

Mr Crocker's remarks were made as Mr Savimbi arrived, nnder a cloud of secrecy, for a two-week visit to the US n which he is to lobby for material and moral support for his forces. He is to meet President Roneld Reagan at the White House today.

The Administration has indicated that it fevours covertly aiding Mr Savimbi, perhaps to the tune of $15m. The request, bowever, is likely to run into tough opposition in Congress, where many members oppose aid altogether end others believe thet it should be ovart, not under the counter.

Athens to buy jets direct from General Dynamics

ANDRIANA IERODIACONOU IN ATHENS

GREECE, which is to buy 40 F-16 fighter aircraft for the Hellenic Air Force, has decided to make the purchase through a direct commercial agreement with the manufacturers, General Dynamics, and not through a government-to-government agreement with the US as Washington would have preferred.

Mr Antonis Drosoviannis, the Greek deputy Defence Minister, said yesterday that the Greek Government had sent a letter to Mr Caspar Weinberger, US Defence Secretary, giving notice of its decision.

A Pentagon team spent the early part of this week in Athens trying to persuade the Greek side to opt for a government-to-government sale.

Mr Drosoviannis said that Greece decided on the commercial agreement option for financial reasons. He said offset benefits had been agreed with General Dynamics which would cover almost 100 per cent of the $900m price tag for the aircraft.

According to the Defence Ministry, the commercial agreement also includes a strict penalty clause ensuring that the manufacturer fulfils the terms of the sale – a clause which would not have been part of a government-to-government agreement.

The minister gave no details on the offset benefits but said 30 per cent were in the commercial sector; 10 per cent in tourism; and 60 per cent in the military sector. The offset agreements will reportedly be implemented gradually over three five-year periods.

Ecuador devalues sucre and revises import tariffs

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE Government of Ecuador has announced in Quito a 14 per cent devaluation of its currency, the sucre, as well as a sweeping package of tariff and price reforms designed to make its economy more flexible and raise fiscal revenues in the face of falling oil prices.

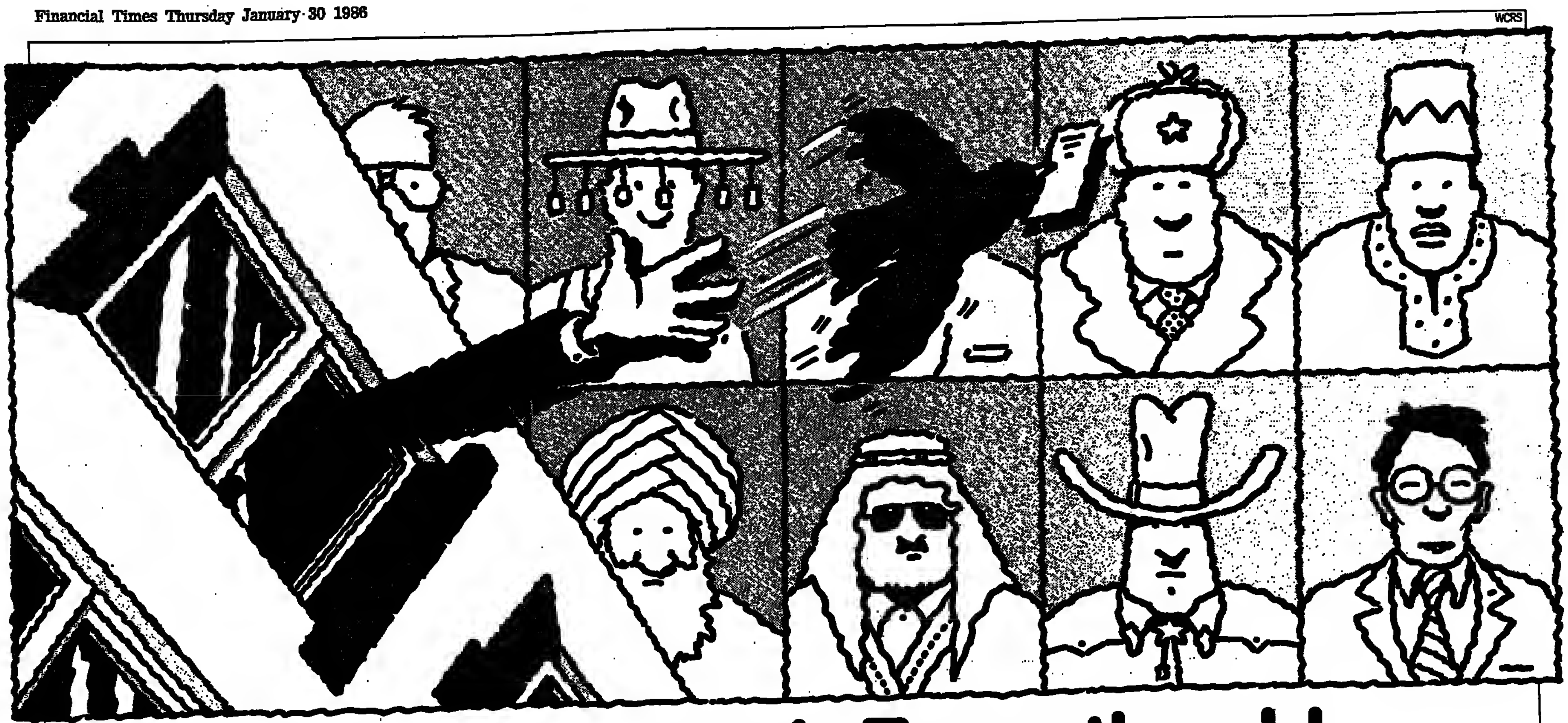
The devaluation, which brings the rate of the sucre to 110 per dollar from 96.50 earlier, will offset the expected difference in inflation rates between Ecuador and tha US this year, Mr Francisco Swett, Finance Minister, said in London yesterday.

The fall in oil prices, which would cost Ecuador about $250m (£186m) in foreign exchange revenna this year, was the primary reason for the devaluation, he said in an interview.

But the price reforms, which involve a 15 per cent increase in prices paid to farmers, would ensure that the benefits from the devaluation would be spread through the economy and not just confined to farmers.

Ecuador also announced a revision of import tariffs designed both to "put a little heat" on local industry and to boost fiscal revenues by discouraging smuggling.

Mr Swett said he plans to go ahead "within the next 45 deys" with plans to launch a $300m bankers' acceptance facility in the US designed to replace earlier borrowings and edd to the country's available trade finance.



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OVERSEAS NEWS

South Yemen pays the price for President's pre-emptive strike

THE NEW government of South Yemen is striving to restore order as first authoritative details emerge of circumstances leading to the fierce conflict that brought the country to the brink of civil war and helped topple the President.

According to well placed sources here, the bloody events were precipitated by an attempted pre-emptive strike by the former president, Mr Ali Nasser Mohammad, against opponents in the ruling Socialist Party of South Yemen.

President Mohammad sought to eliminate members of an opposing faction at a specially convened meeting of South Yemen's 11-man Politburo on January 13.

According to well placed source, a detachment of the presidential guard opened fire on President Mohammad's politburo opponents, killing his chief rival and wounding other prominent figures.

Among the dead were Mr Ali Antar, vice-president and an outspoken opponent of President Mohammad, Mr Salih Muslih Qassim, Defence Minister and Mr Ali Shaiyia Hadi, head of the party discipline committee.

The president did not attend the politburo meeting. He was reportedly in his home in Abyan province, east of Aden. Abyan's governor, Mr Mohammad Ali Ahmed, is said to have been one of the instigators of the pre-emptive strike.

As the politburo meeting was convening, other opponents of the president in the civil and military apparatus were being rounded up. Some were massacred.

Aden sources say President Mohammad's supporters had prepared leaflets in advance of the politburo meeting, proclaiming success in foiling a coup attempt.

The South Yemeni capital, areas of which were reduced to rubble in the fighting, is slowly returning to normal two weeks after the coup was launched.

The harbour has been reopened to shipping. Some telecommunications have been restored and shops and banks are operating. However, it will take months and possibly years to restore damaged buildings and other facilities.

Tony Walker after a 52-hour yacht and dinghy journey from Djibouti, sends this first dispatch from Aden by a Western correspondent since the coup.

Worst affected is the area surrounding the port of Tawahi near the entrance to the harbour. This is where the politburo meeting took place and where a number of key government offices are located, including the Defence Ministry and the Presidential complex.

Pitched battles were fought involving tanks, armoured personnel carriers, 130 mm artillery, canon and heavy machine guns. Gunboats offshore joined in. One merchant ship was sunk in the crossfire and the stern section of another was burned out.

Streets in this section are thick with oil from a burst fuel pipe, damaged in the fighting. Soviet-built tanks and armoured personnel carriers are among the casualties.

Residents of Tawahi speak of horrific experiences as the battle raged around them. "Believe me, it was hell. I was in it," said one. "It was street to street, window to window fighting."

A new government headed by interim president Mr Haider Abubaker Ali Attas is attempting to rebuild the country's shattered institutions. "There was quite a lot of killing and destruction," said an official. "And these people are regrouping now and trying to organise themselves into a government again."

Mr Salem Saleh, secretary of the Socialist Party of South Yemen, is reportedly playing a key role in helping to get the government functioning. Mr Saleh is spoken of as a possible new strongman, although the emphasis in official statements is on collective leadership.

President Mohammad is strongly rumoured to have fled to North Yemen with some of his more prominent supporters. Possibility of him mounting an effective counter attack is being discounted here.

The streets of Aden are heavily guarded, mostly by young militiamen, many of them armed with Kalashnikov rifles. Travel by car is slow because of frequent roadblocks.

Observers in Aden say it is misleading to see the conflict simply in terms of an ideological struggle between rival marxist factions in the pro-Soviet state.

They say the conflict resulted more from personal enmities. Another potent factor was rivalries between tribal groupings.

It appears that as a result of the failure of President Mohammad's pre-emptive strike, tribes of the north-west have established hegemony over representatives from the eastern coastal region which was the former President's homebase.

No official casualty figures are available, but estimates of fatalities range into the thousands. There are reports of the dead being buried in mass graves.

The cost of repairing the damage is likely to run into hundreds of millions of dollars. The military has suffered heavy losses of Soviet supplied material.

The turning point in the conflict, according to one source, came about January 15 or 16, when the middle ranks of the military rallied their troops in opposition to the President.

This followed reports of massacres by the President's men. "They gathered up all the important military officers and those supporters of Ali Antar and just mowed them down," one source said. "Everyone in the military said either stand to fight or I'm a dead man. That's why they fought desperately."

He blamed the failure of the pre-emptive coup attempt on overconfidence. President Mohammad is said to have drawn support from the navy, the airforce and some senior military officers. But once the Army turned against him the pattern of the conflict changed dramatically.

Tanks and rocket launchers proved conclusive in a series of battles for strategic locations, including the airport and the naval base. Once the airforce was neutralised and gunboats in the harbour were silenced President Mohammad's days as South Yemen's leader were numbered.

Marcos takes circus to rebel territory

By Cris Sherwell in Davao City, southern Philippines

LOOKING tired and groggy, President Ferdinand Marcos yesterday carried his circus-style re-election campaign to the southern Philippines city of Davao, hotbed of Communist-inspired rebellion on the war torn island of Mindanao.

His brief three hour stay, during which he addressed a cheering 30,000 crowd and gave a hurried Press conference, was his first in at least a decade and a direct response to charges of cowardice levelled in Davao earlier this month by his challenger, Mrs Corazon Aquino, widow of the assassinated opposition leader Benigno Aquino.

With the February 7 poll just around the corner, the tension is building rapidly and the strain, at least on the ailing 68-year-old Mr Marcos, is clearly starting to tell.

Yesterday in Davao, citizens eagerly proferred the finger-and-thumb sign of support for Mrs Aquino, while scores of dishevelled soldiers bearing M-16s languished in the drizzle awaiting Mr Marcos's belated arrival.

When he came it was in an F-28 jet accompanied by half-a-dozen Sikorsky Blackhawk helicopters of the President's flight. Another three jets brought Mr Marcos's powerful wife, Imelda, his running mate, Mr Arturo Tolentino and other officials.

Inside a local stadium, under the watchful eye of Mr Marcos's son, Bong-Bong, an initially unenthusiastic crowd, many of them specially bussed in, was being warmed up with some soft-rock and live entertainment.

Amid a carefully-stirred hysteria, Mr Marcos clambered on-stage, waved his white golf hat and, looking unsturdy, drawn and dazed, acknowledged the clamour and v-for-victory signs. After two patriotic songs and some extravagant introductions, the president spoke.

"I am from Davao," he declared in his cracking voice, even though he comes from northern Luzon. "I learned to shoot here. I won my first national small-bore competition here at 16."

He went on to repeat his standard warnings that an opposition victory would break up the country and lead to Communist rule.

He again denied allegations against him that he had misrepresented his war exploits, but then seemed to run out of both words and energy. Before the waiting public he signed a presidential decree to help slum areas and numerous proclamations promising land ownership changes, a new school, and even a slaughter house.

After an airport press conference it was back to the aircraft past a line of guards, an awkward wave to nobody and everybody, and on to Cagayan de Oro, on the north side of Mindanao.

To those who had not seen Mr Marco on the stump before and watched each step yesterda,y there was only one abiding impression: of a man who, after 20 years in power, looked terrifyingly mortal and could not let go.

Palestinian camps bombed by Israel

BY DAVID LENNON IN TEL AVIV

ISRAELI warplanes bombed Palestinian targets in southern Lebanon yesterday and hours later two Israeli soldiers were killed in a clash with an infiltrator on the Jordan border.

This new upsurge of violence comes against the background of intensified efforts to revitalise the peace process and an apparent stalemate in the efforts by King Hussein of Jordan to persuade Mr Yassir Arafat, chairman of the PLO, to approve negotiations with Israel.

The flare up of fighting is not expected to have any direct impact on the peace moves, but it underlines the volatility of the Arab-Israeli dispute.

The dawn air-raid was carried out against what Israel described as Palestinian guerrilla bases beside the coastal town of Sidon in southern Lebanon. Israeli officials said recently that hundreds of PLO fighters had moved to southern Lebanon in recent days, apparently in preparation for raids against Israel from Lebanon.

A man armed with an M-16 rifle and carrying Jordanian army papers fired on an Israeli patrol in the Jordan valley yesterday morning, killing two soldiers and wounding another two. The assailant was killed in the battle, the first serious incident on the Jordanian border in four years.

Israeli officers were confident yesterday that this was a solitary incident, and did not mark the beginning of a new confrontation. The Jordanian Army, the Israelis said, does its utmost to prevent guerrillas crossing the border.

Mr Shimon Peres, the Prime Minister, said that this attack underlined the fact that the Palestinian Liberation Organisation has not abandoned its terrorist tactics and therefore could not be considered as a suitable partner for negotiations.

King Hussein met Mr Arafat in Amman yesterday for the fourth time in as many days in an intensive effort to persuade the PLO leader to accept UN security resolution 242, and thus implicitly recognise Israel. Such a step could open the way for PLO participation in peace talks.

The Amman meeting follows the round of talks held with the Jordanian and Israeli leaders in Europe last week by Mr Richard Murphy, President Reagan's Middle East envoy.

There was "clear progress" in the efforts to bring Israel and the Jordanians to an international peace conference, Mr Murphy told a US House of Representatives committee.

Iran's oil exports cut

IRAN'S CAPACITY to export oil may be halved for several weeks as a result of recent Iraqi air attacks on the Ganaveh area, 40 miles north-east of its main terminal at Kharg Island, our Middle East staff write.

Reports from the Gulf suggest that loadings at Kharg have come to a virtual halt. Iran announced two days ago that it was cutting its exports, which have been averaging about 1.6m barrels a day, in support of efforts by the Organisation of Petroleum Exporting Countries (Opec) to stabilise world prices.

It is unclear whether Iran's capacity has been affected by actual damage to the facilities at Ganaveh or to a scheme that was underway for installing two single-buoy moorings. But it is believed that a vital manifold may have been damaged and that Iran is experiencing difficulties in locating a replacement.

S. Africa tightens security clampdown

By Anthony Robinson in Johannesburg

AS PART of a security clampdown in Cape Town in anticipation of tomorrow's opening of Parliament, Brig Chris Swart, the local police chief, yesterday banned the display of any form of political slogans from T-shirts to banners until February 15.

The move came as Mr Louis Le Grange, Minister of Law and Order, told the Argus newspaper in an interview that the time was not yet ripe to lift the state of emergency in the Western Cape.

A partial lifting of the state of emergency in some areas of the country is expected to be announced by President P. W. Botha in his keynote policy speech following the return to school of thousands of black school children on Tuesday after months of boycotts.

Meanwhile, the Soweto Parents Crisis Committee (SPCC), one of the main organisations behind the return to school, yesterday protested against the activities of bands of youths armed with knives and sticks who attempted to prevent the orderly return to school in Soweto.

It described the youths as "agents provocateurs and political megalomaniacs" and urged its supports to "realise the importance of education and its role in our struggle."

Elsewhere, hundreds of Pondo tribespeople were reported to have fled back to the Transkei homeland as tension between Zulus and Pondos continued in squatter camps south of Durban.

Three blacks were also killed in violent clashes between rival factions in the KTC squatter camp near Cape Town.

Japan rate cut has political appeal

"THE discount rate cut will have a very broad impact on medium-sized companies across industry and these companies are politically very influential. So the move is a very political one. It was also the easiest way to pass around the benefits without much risk on the part of the Government. How far it will stimulate the economy or raise economic growth is unknown."

Jurek Martin and Carla Rapoport, in Tokyo, analyse the moves behind, and the repercussions of, yesterday's discount rate cut from 5 to 4½ per cent.

This assessment yesterday by Mr Takashi Kiuchi, senior economist at the Long Term Credit Bank, accurately summed up the reaction here when the Bank of Japan did what had been expected all week.

Parliament reconvened this week after a winter break, and senior members of the ruling Liberal Democratic Party (LDP) have been receiving earfuls of backbench complaints about the extent to which the yen's rise and high real interest rates have been hurting the LDP's underpinnings: small and medium-sized industry.

Two politicians are likely to claim credit: Mr Yasuhiro Nakasone, the Prime Minister, who earlier this month publicly called for a discount rate cut, and Mr Noboru Takeshita, the Finance Minister, who more or less engineered it last week with his public comments on the acceptability of an even higher yen. Mr Takeshita is, of course, seeking to succeed Mr Nakasone.

Both men will also undoubtedly try and make international political capital of the fact that Japan at least is doing its best to sustain world growth. This will feature large in the Government's public comments in the run up to the next economic summit to be held here in May.

But, as Mr Kiuchi and other analysts freely conceded yesterday, the actual impact of the discount rate cut on the real economy may not be great. One Western diplomat commented that it made the Government's official forecast that 4 per cent real growth can be attained in the fiscal year starting in April "marginally less incredible."

The Japanese economy is ticking over at a lot less than full bore. Real growth in the final quarter of 1985 probably amounted to no more than an annual rate of 1.5 per cent, and there appears a fair chance that the present quarter could produce minus growth, an exceptional circumstance for Japan.

Monetary policy has been even more relaxed in recent months. First, the Bank of Japan ended its policy of pushing short-term rates steeply higher, which produced the first yen appreciation. Second, the money supply grew in November to 9.1 per cent, unadjusted, the fastest rate for the last two years, while preliminary evidence for December suggests further acceleration to about 9.4 per cent.

The lack of response to easier money stems from the fact that the Japanese economy is still not very credit-oriented. Loan demand from consumers remains modest, while many of the big corporations are immensely cash rich. It is mostly the small, marginal exporters which claim to have been feeling the pinch.

If lower interest rates do not have much of a stimulative effect, the next clear policy option is a straightforward income tax cut, which is likely at least to be considered this summer. If a general election looks more certain and if the economic indicators for the second half of this year still look poor, such a recourse may become imperative.

Officials at the Ministry for International Trade and Industry (Miti), who are known to be deeply concerned about the effect of the stronger yen on Japan's medium and small-sized companies, yesterday admitted that the benefits of the cut will not outweigh the immediate problem of the stronger yen on these smaller firms.

Still, Miti said that industry will benefit in at least two important ways. The agency believes that cheaper consumer loans will stimulate domestic demand for consumer durables, such as cars and recreational equipment. Second, it believes the cut will encourage more capital investment by industry.

"We expect this will give a good impact on investment behaviour, especially in production equipment," Mr W. Aso, director of Miti's industrial finance division, said yesterday.

Further, there will be some industries which stand to gain some welcome, clear-cut support from the interest rate cut. Chief among these are the basic material industries, such as steel, petrochemicals and oil refineries, all of which tend to be heavily borrowed. Japanese trading companies will also gain, as the big trading houses tend to carry a large amount of short-term borrowings.

Oil companies in Japan, in fact, are enjoying the tripled benefit of cheaper oil, stronger yen and lower interest rates. According to a study by leading Japanese banks, Japan's leading oil companies should stage a 52 per cent increase in pre-tax profits this year over 1984's results. Overall, the study showed that the cut in the discount rate will push up Japanese companies' pre-tax profits by an average of only 1.56 per cent.

Further, due to lower oil prices and lower interest rates, Miti is now studying the possibility of requesting a cut in prices of utilities. Such a move, of course, would be welcomed by consumers and industry alike. Initial agency figures show that the nine electric power companies will save Y7bn each in lower interest charges because of the interest rate cut.

Some of Japan's largest industrial companies, with huge cash surpluses, stand to lose money on the interest rate cut. A banking study published in Tokyo yesterday shows that Toyota, for example, stands to lose around Y125bn in interest payments a year in the wake of the cut. Matsushita, the electronics company, which is also cash-rich, said yesterday that the cut would not effect the company in any significant way.

On the other side of the coin is Nippon Steel, which stands to save interest payments of Y2.8bn a year as a result of the cut.

WORLD TRADE NEWS

Foreign investment placings fail to satisfy Chinese

BY ROBERT THOMSON IN PEKING

CHINA has reported a dramatic rise in foreign investment agreements in the past year, but the Chinese Government is disappointed that the vast majority of those projects is not in priority industries.

Last year, 1,300 foreign equity joint ventures, 1,500 contractual joint ventures, and 46 total foreign ownership projects were approved, with the total value of those agreements worth $5.85bn, up 120.7 per cent on 1984.

The bulk of those projects are in light industry and service trades, particularly hotel and other tourist developments.

A foreign investment specialist for the Ministry of Foreign Economic Relations and Trade, Chu Baotai, said there have been "very few" projects in key areas such as energy and communications, and "little" investment involving advanced technology.

Since 1979, the Government has approved over 2,300 foreign equity joint ventures, 3,700 contractual joint ventures, and 120 total foreign ownership projects.

In that period, the aggregate contract value was $16.2bn, while the projects under-way amount to only about $4.6bn.

Chu Baotai said the reason for the low operation figure is that most contracts have been signed in the past year or so, and the projects are still to get off the ground. About 80 per cent of investment has come from Hong Kong, with the US the second largest investor, followed by Japan and Western Europe.

Diplomats say the high Hong Kong figure shows that most investment has been in relatively small manufacturing concerns, and, one analyst observed, it "has really missed the point. There is a lot of sound and fury, but less than a third are in operation.

"They are still having difficulty getting people into long-term ventures for key industries that need long-term investment. Investors are looking for things that give a fairly quick return. The political situation has a bit to do with that. People are still worried about long-term stability."

Chinese officials are known to be particularly unhappy at the low level of investment from Japan, the country's major trading partner. That the Government is still not satisfied with foreign investment was shown last week with the issuing of new regulations apparently making profit repatriation easier for foreign companies.

Chu said four joint ventures have failed, and another 10 are in extreme difficulty. He estimated that 50 per cent of ventures in operation have a foreign exchange surplus, while the rest are in balance or deficit.

Chu estimates that the number of foreign investment contracts signed this year, will at least equal that of 1985, and hopes "that in the future there will be more investment in key fields."

Fresh step forward to new Gatt round

By William Dullforce in Geneva

PREPARATIONS for a new round of international trade negotiations got off to a harmonious start this week, free of the tensions between industrialised and developing countries that characterised last year's exchanges within the General Agreement on Tariffs and Trade (Gatt).

The preparatory committee, on which some 70 of Gatt's 90 members are represented, had moved forward in a business-like manner.

The committee, chaired by Mr Arthur Dunkel, Gatt director-general, reviewed at its first two-day meeting on Monday and Tuesday four key technical issues.

They are standstill, rollback, preferential treatment for developing countries and the emergency "safeguard" action countries are allowed to take when threatened by a sudden surge of imports.

A standstill—a commitment by all participating countries to introduce no more measures restricting trade—must come into force, when trade ministers launch the new round some time in September, it was generally agreed.

The need for a rollback — a gradual removal of protective measures taken in contravention of Gatt rules — was also acknowledged by most participants.

But some bargaining will have to occur before the committee can emerge with legal definitions and agreement on the trade areas to which standstill and rollback should apply.

Patent battle threatens to erupt

BY LAURA RAUN IN AMSTERDAM

A DECADE-LONG patent battle between Akzo and Du Pont over strong and valuable aramid fibres is threatening to erupt into a heated, political trade dispute between Brussels and Washington.

Mr Ruud Lubbers, the Dutch Prime Minister, US President Ronald Reagan, the European Commission and the US International Trade Commission (ITC) all have become embroiled in the increasingly bitter struggle between Akzo of the Netherlands and Du Pont of the US.

At stake is control over the world market — estimated to grow to $1bn a year—for aramid fibres, which are stronger than steel, heat resistant and light weight.

These advanced fibres have applications in aerospace, defence and telecommunications and form part of the competitive high technology race between the US and Europe. Recognising the strategic role aramid fibres could play in industry, the Dutch Government is backing Akzo through a state-owned venture capital company that is jointly producing the twaron fibre with Enka, Akzo's fibre subsidiary.

Dr Clayton Yeutter, the US Trade Representative, today will visit Mr Lubbers, who also presides over the EEC Council of Ministers, to try to defuse the Akzo-Du Pont dispute.

His visit follows last weekend's decision by Mr Reagan to uphold a five-year US import ban on Akzo's twaron fibre imposed by the US ITC on November 25.

The meeting also comes just as the European Commission is considering whether to fight the ITC ruling by recognising an Akzo complaint of unfair trade practice under a new commercial instrument.

Dr Clayton Yeutter

The import ban on twaron, which applies only to raw aramid materials and not finished products, was based on the ITC's judgment that Akzo had infringed a Du Pont patent for the manufacturing process.

The Dutch company has angrily accused the ITC of ignoring Akzo's counterclaim that Du Pont also had infringed upon an Akzo patent in the US for an aramid solvent.

The Arnhem-based company is appealing from the ITC ruling to the US Federal Court, but a decision is not expected for another year. Court battles over patent claims also are being waged in the Netherlands, Britain, West Germany, France, Italy and Belgium.

Du Pont, among the world's largest chemicals companies, and Akzo, which ranks 17th, apparently began developing the aramid fibre at about the same time, in the late 1960s.

But Du Pont moved faster into commercial production of its kevlar fibre around 1976 and now dominates the world market.

Akzo started trial production in 1977 but delayed commercial manufacturing until now because of consolidation within the company during the late 1970s and early 1980s.

Trade relations between the US and Europeans are already strained by steel and agricultural disputes and the super-fibre battle can only be expected to exacerbate tensions.

The Dutch have refrained from publicly alleging trade protectionism but a letter to Mr Reagan from Mr Lubbers on the import ban has widely been interpreted as verging on that.

The hope had been that Mr Reagan, who had 60 days to confirm or reject the ITC ruling, would reverse the ban in line with his efforts to combat trade protectionism in Congress. Mr Lubbers apparently is still waiting for a reply from Mr Reagan.

No compromise on the dispute seems readily apparent and worse retaliatory measures could be in the offing.

The European Commission, which is to decide in two weeks whether to recognise Akzo's complaint against the ITC, is supposed to consult closely with the Council of Ministers which is chaired by the Netherlands. A reciprocal move against the US or Du Pont is not out of the question.

Du Pont, which is planning a new £45m kevlar plant in Northern Ireland, also could find its 50 per cent grant from the UK government in jeopardy if the Commission ultimately decides the Americans are not playing fair.

Akzo and Du Pont each have lavished a hefty Fl 1bn (£263.1m) or more on development of their fibres, with Akzo alone having spent Fl 15m-Fl 20m in legal fees.

The Dutch company insists that Aramida Maatschappij, the joint venture between Enka and the Government-backed venture capital company Noordelijke Ontwikkelingsmaatschappij (Nom), will survive without access to the US market. But the venture will take longer to move into the black, probably not until 1990.

Moreover, the US import ban bars Aramide Maatschappij from more than half of the potential world market for five years, and the company concedes that initial sales are being hurt by the uncertainty surrounding the court disputes.

Even winning court battles has not always helped Akzo. The Arnhem court recently ruled that Du Pon't kevlar fibre could not be imported into the Netherlands without Akzo's consent.

But the Dutch company is loath to stop kevlar from reaching Dutch companies such as Fokker until its own twaron fibre is available in commercial quantities and approved by customers. That has not happened yet.

Akzo and Du Pont have discussed out-of-court settlements over their patent claims for years but persistently have failed to reach agreement on compensation for licensing arrangements.

The latest round of transatlantic quarrelling does not seem to have spurred them to seek again a compromise and may have widened the gulf.

Argentina, Soviet Union sign trade agreement

MR DANTE CAPUTO, the Argentine Foreign Minister, yesterday signed a five-year trade agreement and accords on cultural and political exchanges with Moscow, helping to guarantee Argentina its key grain market through 1990, AP reports.

The accord, initialled last week in Buenos Aires, means the Soviet Union will buy 4.5m tons a year of Argentine fodder grain and soybeans until 1990.

In exchange, Argentina will buy $500m-worth of Soviet heavy machinery and other industrial material.

Mr Caputo and Mr Eduard Shevardnadze, the Soviet Foreign Minister signed separate accords on cultural and scientific exchanges, political consultations and a protocol on historical documents.

Mr Caputo is the first Argentine Foreign Minister to visit Moscow, and is thought to be laying groundwork for a possible visit later this year by the Argentine president Mr Raul Alfonsin.

● The Boregaard Group of Norway is to ship 40,000 tonnes of dissolving pulp, used for making rayon yard, rayon staple fibres and cellophane to the Soviet Union under a contract valued at NKr 150m (£14.3m), Fay Gjester writes from Oslo.

The volume represents at least an 18,000-tonne increase over Boregaard's shipments to the Soviet Union last year, and is nearly half its scheduled annual production. The company hopes to negotiate further sales later this year.

UK NEWS

Murdoch wins court order against union

BY JOHN LLOYD AND HELEN HAGUE

MR RUPERT MURDOCH'S News International group last night obtained a High Court injunction to order the transport union to withdraw its instruction to members not to cross picket lines at the company's new east London plant.

The High Court move came within hours of a decision by the leaders of the Transport and General Workers Unioo (TGWU) to order its members officially not to cross picket lines set up at Wapping by print workers sacked in e dispute over the move to the plant.

The company said it had been sought after the transport union decided to issue formal instructions to its members. The injunction, the third granted to the company against unions this week, reflects News International's increasing determination to use the trade union laws to protect its new plant.

Earlier, News International issued a writ seeking injunctions and damages against the print unions Sogat 82 and the National Graphical Associatioo for alleged mass picketing at Wapping.

The writ requires the pickets to cease to "stop, restrain or persistently follow" drivers from TNT, the company distributing the News International newspapers.

The move came as Mr Eric Hammond, general secretary of the electricians' union the EETPU, further widened the gulf between it and the Trades Union Congress (TUC) by informing Mr Norman Willis, TUC general secretary, that he and his officials would not attend today's meeting of the TUC general council. The meeting was called to consider whether the EETPU appeared to have acted contrary to the interests of the union movement by supplying electricians to the new plants.

Mr Hammond said the jostling and abuse he had received outside the TUC earlier this week had given rise to "misgivings ... about the security of our representatives."

About half of The Sunday Times' 150 journalists have joined the handful of journalists from The Times in refusing to work at Wapping. None has so far been dismissed.

Journalists at The Guardian voted overwhelmingly for a resolution which congratulated the News International "refuseniks" for their stance. The resolutioo also called for the National Union of Journalists executive, which meets tomorrow, "not to institute disciplinary procedure under unioo rules" against the majority of News International journalists working at Wapping.

United Newspapers joins the revolution in Fleet Street

RAYMOND SNODDY talks to Mr David Stevens, United's chairman, on plans to reduce overmanning

MR DAVID STEVENS, chairman of United Newspapers, a precise man with figures walks across his office looking for a file to get his rhetoric absolutely right.

"Do we really need 180 full-time cleaners in Fleet Street?" asks the man who took over Express Newspapers in October in a successful £317m bid for Fleet Holdings.

"Do we really need 600 machine assistants? God knows what they do," says Mr Stevens, who has an almost puritanical belief that overmanning is as bad for morale as it is for the balance sheet.

Getting down to more modest numbers he asks why 32 men should man a press that could be operated with 18.

Since taking over the Daily Express, the Sunday Express and The Star, he has confirmed for himself what he already suspected: "It goes right the way through the company – overmanning from top to bottom," and be adds for good measure that, when he took over, not only had there been no redundancies but there were no plans for any.

Mr Stevens is this week unveiling to his unions plans for redundancies that even a few weeks ago would have seemed to be unrealistically draconian.

Out of a total of 6,800 employees at Express Newspapers, more than 2,500 must go through voluntary redundancy, early retirement and non-replacement. But that is only the beginning of the changes that are on the way. In additioo United is insisting on all Fleet Street employees starting to work a normal five-day working week. At the moment, Mr Stevens says, many printers are working the equivalent of a 3½ day week.

When the effects of five-day working throughout the company have been properly assessed, Mr Stevens believes that further substantial savings in jobs can be made through automatic non-replacement.

Early retirement will start at 50, but the management will maintain e veto oo who goes.

Although the figures are not precise yet, it is clear that the management has pencilled in a further 500–1,000 jobs to go. This would mean that the three national titles were being produced with about half their present staff.

The shopping list is full and until last week would have seemed inconceivable. Conditions and the rights of management are being considered as important as crude job numbers. Piece rates for compositors are also to go in the planned move to photocomposition.

"We will also have a document which will give management the right to manage the business," Mr Stevens says.

"I want to be in a position to decide how many are going to be employed each night," says Mr Stevens, making a demand that has eluded Fleet Street managements for decades.

In addition, later this year, but oot as part of the preseot oegotiations, United will open negotiations on direct input of copy by journalists.

"Direct input by journalists is inevitable. There is no good pretending that it is not going to come," the United chairman says.

Taken together, the proposals appear to be as drastic as at Wapping, to where Mr Rupert Murdoch's News International has moved but without the barbed wire. Mr Stevens emphasises that he plans to negotiate with the Fleet Street unions and believes be can take them with him

Mr Stevens insists the problem will be tackled with generosity and compassion but that the savings would have to come if the company was to survive.

A mixture of improved pension rights and redundancies would mean that many of those applying for redundancy would get between £30,000 to £40,000.

United, he says, managed to negotiate job losses of around 30 per cent in its provincial press and was looking for similar percentages from the moment of taking over Express Newspapers. The fact that Mr Robert Maxwell has broken the log-jam and cut his costs substantially through negotiation and Mr Rupert Murdoch had made the break to Wapping threatened to put United's natiooal titles at a severe competitive disadvantage.

Case for full role in EMS rejected

DEMANDS by the Social Democrat-Liberal Alliance that Britain should join the exchange rate mechanism (ERM) of the European Monetary System (EMS) forthwith were rejected by Mr Ian Stewart, Economic Secretary to the Treasury, in the House of Commons last night, Ivor Owen writes.

He insisted that membership of the ERM should not be seen as a question of being for or against the development of the European Community. He reaffirmed that Britain would be ready to join as and when the Government judged the conditions right to do so.

Mr Roy Jenkins (SPD, Glasgow Hillhead), the former Labour Chancellor of the Exchequer who led the Alliance's call for immediate eotry, argued that it would be better for Britain to join the ERM at any time than never to enter at all. But he acknowledged that there were obviously some times which would be preferable to others.

He stressed: "Currently, I think, without question, we are at a very good time."

□ PEOPLE EXPRESS, the low-fare transatlantic airline, is cutting its economy single fare from Gatwick (London) to Newark (New York) from £147 to £99 until February 28.

From then until March 25, People Express will offer the £99 fare both ways between Newark and Gatwick on Tuesday and Wednesdays. Fares on other days will rise to £133 single from March 1.

□ TRADE UNION membership fell in 1984 despite a growth in the oumber of people in work, according to figures released by the Department of Employment.

Total membership at the end of 1984 was 11,086,000, 2.2 per cent down on the previous year. Over the same period employment increased by 0.6 per cent.

□ WIMPEY Engineering part of the George Wimpey group, has won a contract worth about £50m to extract 2m tonnes of coal from an Natiooal Coal Board opencast site at Workington, Cumbria, in oorth-west England.

□ THE EUROPEAN Commission has approved grants from the regional development fund totalling £106m towards 203 investments in the UK.

Ministry bars key officials from inquiry into Westland leak

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT was last night heading for a serious political clash with the cross-party defence committee of the House of Commons over the Westland affair, after the Department of Trade and Industry (DTI) said it would not allow three key officials involved in the cootroversy to give evidence to the MPs later today.

Members of the committee last night described the decision as a gross affroot to the Commons and said there would now be moves for the officials concerned to be summoned by warrant.

This could lead to a clash in the Commons creating a serious political row just as the Government hoped the worst of the Westland crisis was over.

The confrontation is important since the three officials are in a position to verify or qualify the existing account about the leaking on January 6 of part of a letter sent by Sir Patrick Mayhew, the Solicitor General to Mr Heseltine, the then Defence Secretary.

Two of the DTI officials, Mr John Mogg, the private secretary to Mr Leon Brittan, the then Trade and Industry Secretary and Miss Colette Bowe, the head of informatioo at the DTI, were involved in what Mrs Margaret Thatcher, the Prime Minister, described as a "genuine difference of understanding" with Downing Street which led to the leak.

A DTI spokesman said last night that it bad been decided that it was inappropriate for the officials named by the committee to appear and that instead evidence would be given by Sir Brian Hayes, the Permanent Secretary, and by two other senior officials.

Dr John Gilbert, the senior Labour member of the committee, said last night that it looked as if the Government was digging a very big hole for itself.

He said he would ask the committee to issue a warrant to force the witnesses to give evidence. If that was not obeyed the MPs would go back to the House of Commons.

Some Tory members of the committee are also determined to press the inquiry which they believe is a test case of the ability of the select committee system to bring the executive to account.

This clash could, however, be merely the prelude to an eveo sharper confrootatioo since the committee has also requested Mr Charles Powell, one of Mrs Thatchers' private secretaries and Mr Bernard Ingham, her chief Press Secretary, to give evidence.

They were the main Downing Street officials involved in the discussions before the disclosure.

It is also understood that the committee has asked Sir Robert Armstrong, the Cabinet secretary, who was responsible for the leak inquiry to appear.

Construction orders show rise of 7%

BY LISA WOOD

ORDERS received by contractors for construction work in Britain in the three mooths to November 1985 were 7 per ceot higher than in the previous three months and 2 per ceot higher than the comparable period of 1984 according to seasonally adjusted figures from the Department of the Environment.

Orders in the private housing sector were 10 per cent higher in the months September to November compared with the previous three months and 26 per cent higher than in the corresponding period a year ago.

Public housing orders in the same three months were 59 per ceot higher than the previous three months and 11 per cent higher compared with a year earlier.

Private industrial orders were 11 per cent lower in the same three months compared with the previous three months and 36 per cent lower than a year earlier. Private commercial orders on the same comparisons increased by 5 per cent and 19 per cent respectively.

New work in the public works sector in September to November 1985 was 10 per cent higher than in the previous three months but 7 per cent lower than a year earlier.

Court move against EBC Amro Bank

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

CONTEMPT of court proceedings are to be launched against EBC Amro Bank – formerly European Banking Company – over its involvement in the transfer abroad of fimds belonging to the National Union of Mineworkers during the miners' strike in 1984–85.

A High Court judge yesterday gave the NUM receiver, Mr Michael Arnold, of City of London chartered accountants Arthur Young, leave to begin proceedings.

Neither Mr Arnold nor the bank would comment after the private hearing.

Until last October, when it was sold to Amsterdam-Rotterdam Bank for about £26m, European Banking Company was, with European Banking Company SA, of Brussels, part of the European Banking Group.

The group was a joint venture between Amsterdam-Rotterdam Bank and six other banks: Creditanstalt-Bankverein, Midland Bank, Société Générale, Banca Commerciale Italiana, Deutsche Bank and Société Générale de Banque.

European Banking Company has wholly owned subsidiaries in the UK, the Netherlands and the Channel Islands. Its authorised share capital is £12.5m, of which £12.175m is issued.

In evidence in the receivership proceedings in 1984, Mr Arthur Scargill, the NUM president, stated that the union had acted on the advice of a oumber of banks, including European Banking Company.

Part of the £8.5m the NUM sent abroad in an attempt to frustrate seqoestratioo of its assets passed through EBC Trust Company (Jersey), a wholly owned subsidiary of European Banking Company, on route to a bank in Luxembourg.

Another tranche of the union's funds was traced to EBC (Schweiz), of Zurich, in which European Banking Company has a 53 per cent interest. Its partner in the Zurich company, which was set in 1984, was Bacardi Capital of Bermuda.

Changes in gas bill benefit oil industry

BY DOMINIC LAWSON

THE ABILITY of the oil iodustry to break the British Gas Corporatioo's hold on sales of gas to industry has been boosted by an amendment to the gas privatisation bill.

The amendment, passed yesterday, imposes a duty on any Energy Secretary, and on the future Director of Gas Supplies, to act in the way "best calculated to enable persons to compete effectively in the supply of gas through pipes at rates which, in relation to any premises, exceed 25,000 therms a year."

The 25,000 therms-a-year barrier in effect marks out the iodustrial sector of British Gas's business. It is the most profitable part of British Gas's sales and the one most coveted by the ioternational oil industry.

The House of Commons all-party energy select committee last week strongly criticised the Government for not including a "duty to ensure competitioo" clause in the Bill. But yesterday the Government supported the amendment, proposed by a Conservative MP.

A similar "duty to ensure competition" clause was included in the act to privatise British Telecom.

UK NEWS

French see team spirit as key to Channel link

Paul Betts in Paris reports on the cordial approach favoured by the French partners in the tunnel project.

THE FRENCH partners in the Channel Tunnel Group-France Manche consortium chosen by Britain and France to build a twin-bore rail tunnel across the English Channel will press their UK associates to set up a tightly integrated and unified structure to undertake the project.

Mr Francis Bouygues, chairman of Bouygues, France's largest construction company and part of the CTG-France Manche group, said yesterday that he was anxious to see agreements between the 10 construction companies – five British, five French – in the consortium so that they could work "as if they were a single enterprise."

This would avoid problems of rivalries, enable the consortium to select the best talents from the various groups and forge a strong concept of teamwork in what was likely to become a novel example of extremely broad industrial co-operation between France and Britain, he said.

Mr Jean Paul Parayre, managing director of Dumez, another leading French construction company, who heads the French end of the consortium, also said yesterday that it was not ruling out the possibility of eventually building a bridge as a road link across the Channel.

CTG-Manche will be drawing up proposals for a drive-through road link by the year 2000. Although at this stage it is likely that the road project will probably involve a tunnel, Mr Parayre said other possibilities would be considered.

He said France Manche was setting up a small team of experts to study bridge construction techniques. "We intend to keep an open mind on possible options and on the evolution of technologies," he said.

The proposals the consortium puts forward for a road link will depend on future technological developments, the evolution in traffic patterns and the possibilities of financing a second link.

Mr Parayre said he also expected the financing of the road link to be exclusively private, as is the proposed rail link.

Britain has been especially keen on a road link. It was CTG-France Manche's agreement to consider this after the rail tunnel is completed that appears to have swayed the two governments in favour of CTG-France Manche in the fiercely fought Channel competition.

The five French construction companies in the consortium include Bouygues, Dumez, SAE, SGE and Spie Batignolles. They are flanked in the UK by Balfour Beatty, Costain, Tarmac Construction, Wimpey International and Taylor Woodrow.

Mr Bouygues said yesterday he would like to see these 10 companies work on the project under a single name, with its own special logo and flag.

He said a complete rapprochement between the groups working on a single site on both sides of the Channel would enhance the project's efficiency. Division of labour and recruitment should be based on the strengths and talents of the various companies.

Mr Bouygues said he saw the French as having the leadership for the design and technical aspects of the project while Britain would lead the financial, administrative and management aspects. But he emphasised the need for total integration between the partners.

One of the strengths of French construction companies was the fact that they had long ago integrated design and construction activities, whereas in the UK the tendency had been to rely on engineers for design and construction groups for construction, Mr Bouygues said.

Both he and Mr Parayre stressed the need to concentrate activities on the sites in Kent and the Pas de Calais rather than setting up a parallel administrative structure in Paris and London, where small offices would be sufficient.

The French companies each expect to earn about FFr 600m (£57.8m) a year during construction, but Mr Bouygues said the big attraction for a group such as his was to take part in such a large-scale project.

For Bouygues, FFr 600m represents a relatively small proportion of the group's current annual sales of FFr 27bn, which are likely to be swelled by a further FFr 15bn if Bouygues proceeds with its option to take control of the French Sereg construction company by the end of June.

It would represent more for Dumez, whose annual sales total about FFr 9bn.

CTG draws up a shopping list for a 100-mile-long project

BY LYNTON MCLAIN AND IAN RODGER

THE CHANNEL tunnel project looks like providing a major boost in orders for some British manufacturers, but competition will be vigorous in many sectors, leading to tight margins.

The biggest single item on the Channel Tunnel Group's shopping list is precast tunnel linings. The two rail and one service tunnels total more than 100 miles in length, requiring vast amounts of lining.

CTG said a decision would have to be made before the end of this year on how it is to be supplied. The group would like to have one lining plant built close to, or on the site of, the English end of the tunnel workings. But it also wants dual sourcing.

Two of the big UK precast concrete suppliers, Costain and Tarmac, are members of the CTG consortium, so they are almost certain to be involved in one way or another. CTG is also considering operating its own plant on a franchise from a precast concrete company.

CTG's shopping list reveals a rough equality in the French and British purchasing requirements with the exception of cast iron linings. CTG said the British side of the tunnel would need iron linings for the cross joints for technical reasons while the French side would not.

The most likely UK supplier of iron linings, Stanton & Staveley, is a subsidiary of the French group, Pont à Mousson.

Channel Tunnel procurement

Product	British supply £m	French supply FFrm
Reinforcing steel	16	194
Cast-iron linings	30	25
Precast tunnel linings	136	1,180
Cement	18	220
Aggregate	30	240
Tunnel boring machines	80	380
Tunnel spoil removal system	24	210
Power, signalling, lighting, control	37	900
Electric locomotives	28	330
Rolling stock for shuttles	80	940
Construction plant	38	720
Steel sections	60	460
Other	100	730
Total	712	6,532

Source: Channel Tunnel Group

CTG expects that under EEC rules it will have to do about a third of its tendering on an EEC-wide basis.

However, it believes that for the most part British suppliers will be competitive and it expects that about 95 per cent of its procurement will be done in the UK.

The significant items not currently available in the UK are the large tunnel boring machines and the tunnel spoil removal system. CTG expects that the leading US and West German suppliers of this equipment will arrange for UK companies to make them under licence.

Competition is likely to be most severe in the procurement of the railway and ancillary equipment.

British Rail Engineering Ltd, General Electric Co and Hawker Siddeley are all keen to build the locomotives. Brel and Metro Cammell will be competing for the rolling stock while GEC, Hawker, Northern Engineering Industries and others will be fighting for various parts of the power, signalling, lighting and control equipment.

On the materials side, Allied Steel and Wire in South Wales and Sheerness Steel in Kent are the main suppliers of reinforcing steel while British Steel will almost certainly make the rails and the structural steel.

BSC said it could handle the demands with ease. Similarly, the leading cement producers, of which Tarmac is one, expected no problems in supplying the 400,000 tonnes required on the British side.

Blue Circle Industries, the leading UK cement maker, said its Northfleet works in Kent, south-east England, could supply the entire requirements of the project.

Tougher moves urged on corporate fraud

BY NICK BUNKER

A LEADING accountancy firm yesterday outlined a range of new measures it believes are necessary to help to prevent and detect corporate fraud.

In a public reply to the Government's consultative document on the role of auditors in the proposed new system for supervision of financial services, Peat, Marwick, Mitchell and Co said a new definition of fraud should be incorporated in the Financial Services Bill now before Parliament.

More resources should be given to investigating agencies and the legal procedure in fraud cases should be streamlined in the ways recommended recently by the Roskill committee, said Mr Michael Fowle, head of the firm's UK banking practice.

Steps should be taken to compel the prompt filing of statutory accounts and any resignation by a company's auditors should be accompanied by a statement to the Registrar of Companies.

The firm welcomed the basic principles of the Government's consultative document calling for closer contact between auditors and supervisory bodies but said some of its detailed proposals were so broad as to be unworkable and needed to be refined.

That applied to the document's proposal that auditors should have a statutory duty in some circumstances to report directly to regulatory authorities.

Auditors should give support to supervisors and regulators, but had to retain their traditional independence.

"The consultative paper seems to envisage a wide-ranging extension of the auditor's responsibilities. But additional responsibilities can only be fulfilled if they are clearly defined and capable of fulfilment at an acceptable cost," Mr Fowle said.

Ladbroke £80m plan

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

LADBROKE Group is to develop an £80m shopping centre in the heart of Bristol, west England.

The plan is designed to revitalise Bristol's Broadmead shopping area. The site includes the former Co-operative Society department store, which Ladbroke acquired last year for about £6m.

Ladbroke has been discussing the project with city planning officials for several months and it will be carried out by Ladbroke City & County Land, the group's retail property subsidiary.

The development, in which leading financial institutions will participate, envisages a 300,000 sq ft shopping centre on three levels, covered by a glass atrium. There will also be a 1,250-space car park.

Ladbroke City & County will submit its formal planning application next week and, on approval, will begin development work at once. The construction programme will be completed within three years.

Ladbroke says that the new centre will provide over 1,000 permanent jobs.

Mr Bill Redmond, chairman of the Broadmead & District Traders Association, said: "We welcome this redevelopment which will breathe new life into the city's main shopping centre."

Rise of 6% in passengers at airports

By Michael Donne, Aerospace Correspondent

PASSENGER TRAFFIC at the British Airports Authority's seven airports last year rose by 6.1 per cent to a record 52.9m, clearly indicating the air transport industry's recovery from the recession.

Traffic at Heathrow rose by 7.3 per cent to nearly 31.3m while at Gatwick growth amounted to 6.7 per cent to reach 14.9m passengers.

Some airports showed declines in passenger traffic, however, including Glasgow, down 1.8 per cent to just under 2.7m, and Aberdeen, down 3.6 per cent to 1.69m, although the latter was largely due to a sharp fall of 8.6 per cent to 608,300 in the number of helicopter passengers handled there.

Stansted, in Essex, showed a decline of 2.6 per cent to 513,600 passengers.

Aircraft movements at the BAA's seven airports showed a smaller rise, of 1.9 per cent to 614,200, reflecting the increasing use of bigger aircraft.

Aircraft movements at Heathrow rose by 3.8 per cent to 283,400 and at Gatwick by 4.8 per cent to 147,300 while Stansted showed a gain of 18.3 per cent to 14,000.

The Scottish airports as a whole showed a fall of 4.3 per cent to 169,500 in aircraft movements, again largely influenced by declining traffic, both by fixed-wing aircraft and helicopters, at Aberdeen which serves the North Sea oil and gas industries.

Cargo handled over the year as a whole showed little change, declining by only 0.7 per cent to 728,905 tonnes. Heathrow, Stansted, Glasgow and Aberdeen handled less, but Gatwick handled 9.9 per cent more at over 157,000 tonnes. Edinburgh had a big rise of over 153 per cent to 2,153 tonnes.

Oftel may press BT to set up sales offshoot

BY JASON CRISP

THE OFFICE of Telecommunications may press British Telecom to set up a wholly separate subsidiary to sell office equipment like private branch exchanges and key systems where it dominates the UK market.

This would mean establishing a new organisation with its own sales staff and engineers which did not have close contact with those supplying network services to customers.

Professor Bryan Carsberg, director general of Oftel, is particularly concerned about BT's domination in this market especially since the Government gave it the go-ahead to buy a majority stake in Mitel, the troubled Canadian PABX manufacturer.

Prof Carsberg said yesterday that, if there was not a competitive market in this type of equipment in the next one or two years, he would have to consider ways of establishing one. The Monopolies and Mergers Commission (MMC) report on the BT bid for Mitel showed it has just over 75 per cent of the UK market for PABXs.

Oftel will he working closely with the Office of Fair Trading which has to determine what restrictions will be made on BT if it goes ahead with the Mitel acquisition. Earlier this week the Government rejected a proposal by the MMC that BT should be prevented from marketing Mitel exchanges in the UK.

BT is expected to be told not to sell any more Mitel equipment than it did in 1985. As the price of PABXs is falling, that sales level may be index-linked to prevent BT increasing its market share. Another concern is to prevent BT telling customers to buy the equipment from Mitel directly as a way of getting round its quota.

BT is also likely to have to meet all the other conditions suggested by the commission other than the sales ban. These included:

- No cross-subsidies for Mitel.
- No joint marketing of products and Mitel should not be allowed to use BT's logo in its own marketing material.
- Ending of BT's exclusive rights to a new exchange.
- No joint use of resources including premises and staff.

Raymond Snoddy charts the troubled fortunes of the British film industry's flagship

Goldcrest struggles back from the brink

YOU CAN plot the progress of Goldcrest Films and Television, the Oscar-winning British film independent that last week came close to the brink, by the offices it has kept.

In the 1970s its founder and present chief executive Mr Jake Eberts worked from a succession of one-room offices in London. When the company was winning Oscars for Gandhi and Chariots of Fire it moved to decent but hardly palatial quarters behind Kensington Town Hall in London.

When Revolution, the £19m film set against the background of the American Revolution, was going over budget and heading towards bloody defeat at the hands of the American critics Goldcrest was ensconced in the most elegant offices in Wardour Street, London, heart of the British film industry.

The spacious modern offices overlooking a foliage-covered central courtyard cost a total of £525,000 a year, Mr Eberts says. He is now in the process of signing an agreement to move to a £50,000-a-year establishment although he is also thinking seriously about free use of a warehouse offered by a film industry well-wisher.

The grandeur, or lack of it, of Goldcrest's accommodation has matched its film fortunes with precision. The flagship of the British film industry, which has had the unique distinction of a best-picture nomination in the Oscars in four consecutive years, is oow having to rebuild itself from the bottom up for a second time.

Mr Eberts is in no doubt that at a board meeting a week ago today Goldcrest could have gone to the wall.

"It was the crunchiest meeting I have ever attended," says Mr Eberts, a chemical engineer who came to film finance via merchant banking.

Although Mr Eberts will not confirm the figure, it is believed that Goldcrest will have to write off £20m on its current films, much of it accounted for by Revolution and Absolute Beginners.

At the board meeting the possibility of closure was not mentioned.

Instead two proposals for the sale of Goldcrest were considered but foundered because both potential bidders wanted to use Goldcrest as the foundation of a television empire and for Mr Eberts to stay and run it. As a pure "film man" he was reluctant to do so.

An option to turn the company into no more than a foreign sales and distribution operation was also rejected as unnecessarily drastic. After an emotional nine-hour meeting at which several of the directors were close to tears and after much talk of "Britain, reputation and money," a survival plan was agreed which allows for a continuing modest involvement in film production.

It was possible because all the company's assets had not been fully exploited and because Pearson (publishers of the Financial Times), which has a 41.2 per cent stake, and the other principal shareholders decided to continue backing the company.

Just as important was the almost fanatical determination by the film-makers on the board, Sir Richard Attenborough and Mr David Puttnam, that film production should continue and the fact that Goldcrest has become as much a symbol of the British film industry as a company.

The potency of the symbol has become even clearer in the past 10 days. The British film industry has rallied to protect Goldcrest and apart from free accommodation Goldcrest has been offered cut-price studio facilities. There have even been offers of new investment money.

Sir Richard hopes Goldcrest will have a share in his next film project, an $18m epic on the late Steve Biko, the South African civil rights activist, being financed by Universal. If agreement is reached, filming could start on May 19.

Goldcrest will also be earning decent sums of money from the marketing of three, new films, The Name of the Rose, Half Moon Street and Room with a View.

But how could Goldcrest have gone so quickly from triumph to near defeat and lost its way between Kensington Town Hall and Wardour Street?

A scene from Goldcrest's production Revolution and (right) Mr Jake Eberts, the film company's chief executive

"I believe it was the wrong strategy to go for big budget films. If you spend more than £10m, you are aiming at one of the Top Ten films," Mr Eberts says.

Goldcrest, he believes, had too much risk riding on one or two films, compared with big studios which might make 15 to 20 films a year in search of a couple of smash hits.

The Goldcrest total exposure on Revolution was about £10m after the American market was pre-sold for $5.5m to Warner Brothers. For Goldcrest to get any more from the US market for Revolution Warners would have had to recoup their $5.5m from the box office plus nearly as much again for distribution fees and print costs. That is very unlikely.

On Revolution, Mr Eberts says, Goldcrest arranged a completion guarantee which did not take effect until cost overruns exceeded 20 per cent – so there was no compensation for the £3m overrun on the film.

Whatever the arguments about the nuts and bolts of Goldcrest financing, three things are clear about the company's future: risks are going to be as well covered as possible; the emphasis will be heavily on co-production; and for some time the company is unlikely to stray from an entrepreneurial style of management in modest surroundings.

Telephone wiring monopoly may end

BRITISH TELECOM is likely to lose its monopoly to install and maintain all the telephone wiring on domestic premises, *writes Jason Crisp.*

The Office of Telecommunications (Oftel) is expected to recommend to the Government that domestic telephone wiring is completely liberalised including the first (master) socket.

As recently as last December Oftel thought there would be problems in liberalising the master socket because it clearly marked the boundary where the public network ended. Unlike the rest of the domestic wiring the Government would also have to approve the liberalisation of the master socket.

Oftel's recommendation will have to be considered by Mr Paul Channon, Trade and Industry Secretary, but it is thought to be unlikely that there will be any major objections to the proposal.

BT's monopoly on domestic wiring is widely believed to have depressed sales of telephones which have been liberalised for over three years. Although some telephones cost as little as £16, BT charges a minimum of £28.75 to make the necessary conversion to sockets. That rises to £52.90 if someone wants an extra two sockets.

Only about a quarter of British homes have been converted to sockets. The Telecom Dealers' Association recently estimated that, if domestic wiring was liberalised, including the master socket, sales would grow by at least £90m by 1990. It also said that, if BT retained the monopoly to the first socket – as was proposed – it would only grow by £40m.

Oftel is now suggesting that approved contractors would be allowed to install the master socket. BT would probably own the socket which would mark the boundary of the public network, and it would retain the right to inspect it. Residential customers would also be able to ask the contractor to install the rest of the wiring or they could do it themselves.

Duménil-Leblé takes London Law stake

BY MICHAEL CASSELL

DUMÉNIL-LEBLÉ, the Paris-based financial, securities and banking house, has taken a controlling interest in London Law, the privately owned, licensed deposit taker and financial services group.

Duménil has paid over £2m for 69 per cent of London Law International, the holding company which embraces London Law Securities, the licensed deposit taking business. The deal raises London Law's capital base to about £3m.

London Law, which was founded 20 years ago and began to develop its banking arm about 10 years ago, offers consumer credit services as well as a range of private banking and specialist financial and investment advice. The group specialises in providing services for the self-employed.

Until yesterday's deal, London Law was controlled by Prof A.R. Mellows, senior partner at Alexander & Partners, the solicitors, and Dean of Faculty of Law at the University of London. Two directors, Mr Peter Kitching and Mr James Atkinson, held a 17 per cent interest in the business.

Duménil, a small investment house quoted on the Second Marché, has been looking for a base in London. Six new directors of London Law have been appointed.

Mr Kitching said last night: "We had reached the point where we could not expand our business any further without an injection of additional capital. The agreement with Duménil will enable us to develop our financial services and they will be introducing business to us from France."

Banks 'may pay interest on current accounts'

BY JOHN EDWARDS, PERSONAL FINANCE EDITOR

CLEARING BANKS may be forced to have longer opening hours, abolish charges (even on accounts in debit) and pay interest on current accounts to fight off growing competition especially from the building societies, according to a report published yesterday by market analysts Euromonitor.

The report says that banks may face a backlash against "transaction costs" from consumers who have wasted their lunch hours queuing to pay charges to cash cheques. It notes that there has only been a sluggish rise in current accounts held at banks – 65 per cent of adults in 1985 against 62 in 1982 – and a decline in deposit accounts over the same period.

In contrast deposits with building societies have growing enormously with new deposits rising to £13.1bn in 1984 and outstanding balances to £90.3bn, leaving the banks far behind. Building societies offer better returns and broader choices on high interest accounts, the report adds, and the big four clearing banks face further competition from new rivals, such as the TSB, Royal Bank of Scotland and National Girobank.

** Personal Finance Report, Euromoney Publications, 97 Turnmill Street, London EC1, price £180.*

TECHNOLOGY

Peter Marsh examines the use of machine vision automation which is attracting engineers' attention worldwide

A vision of factories of the future

IN A moment of distraction, a worker on an engine assembly line puts the wrong valve into the hole in a combustion chamber. The engine seizes up on its first trip outside the factory, damaging the manufacturer's reputation.

In most car factories, workers inserting rubber sealant in the cracks between panels often put it in the wrong place. A typical US plant wastes about $1m (£718,000) of sealant a year in this way.

Workers at a General Motors factory in Warren, Ohio, have one-20th of a second to spot defects in electrical components as they speed past on a conveyor. In this case, a defect is equal to a misalignment of the components by as little as one 2,000th of an inch. Not surprisingly, the workers miss about 2 per cent of the flawed parts.

In all these instances, the problems can be eased by the application of machine vision, an area of automation attracting great attention from factory engineers worldwide.

By installing such systems, which view events on the factory floor and analyse the resulting pictures with computers, engineers can replace the eyes and brain of a human with a machine.

Machine vision has emerged as a significant commercial activity in the past three years. Most of the suppliers are small companies in the US, where sales of the hardware have doubled in each of the past two years to reach about $120m a year.

In Western Europe and Japan, sales are much lower, about $20m a year, though with the recent entry into the machine-vision business of companies such as Asea, of Sweden, Siemens of West Germany and Hitachi of Jopan the figure may increase steeply.

In a typical application, a camera scans a scene and passes information in digital form to a computer. For instance, the camera could obtain data about objects on a conveyor or complicated hardware which workers have assembled.

Then the computer might instruct a machine such as a robot to operate in a particular way, for instance to pick up the objects being viewed or to seal the cracks in a car. Alternatively, the computer records the data, for purposes such as quality control.

With such hardware, Kodak in Rochester, New York, is inspecting the electronic components of cameras for faults.

GTE, Carrier and Abbott Laboratories, three other US companies, use similar systems to check on the dimensions of light bulbs, ceramic parts for air-conditioing systems and blister packs of pills. Corning Glass has introduced vision hardware to ensure catalytic converters are made correctly before they are put on pallets.

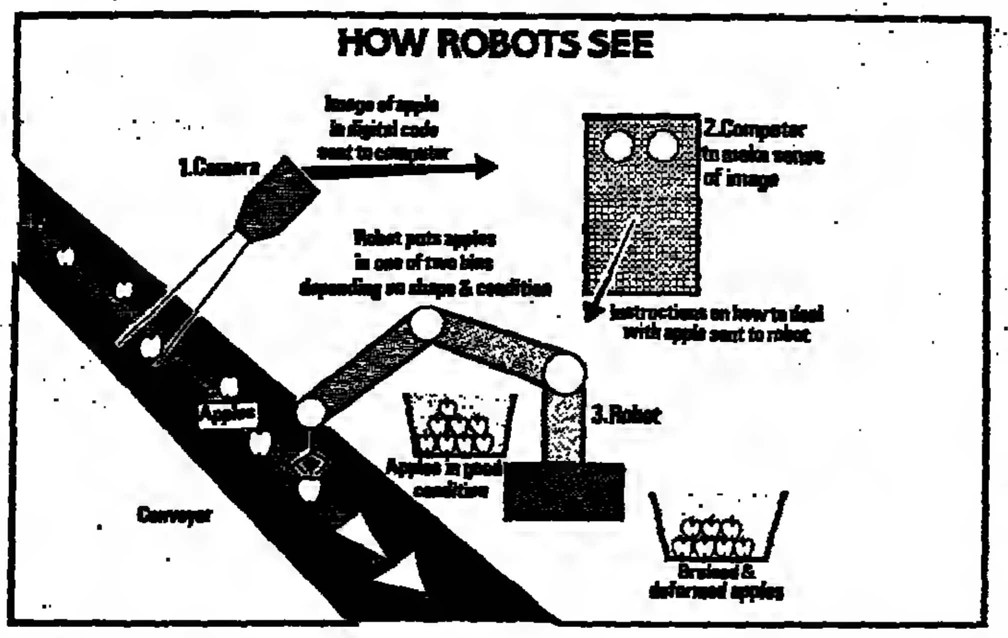
In Switzerland, Sapal, a confectionery company, is loading chocolates into boxes with the aid of artificial vision. Schaffner, also of Switzerland, is using a "seeing" robot to pack delicate electronic components.

But the industry has many hurdles to overcome if it is to sustain its recent growth rate.

Customers face a market crowded with small suppliers, most selling systems aimed only at particular areas of factory work rather than solutions to broad manufacturing problems.

As a result, a company that wants to install a vision system often has to conduct much costly engineering geared to a specific application rather than buy a standardised set of hardware.

This applications engineering can account for between 25 per cent and 40 per cent of the total cost of a vision-based automation system which (including robots and other hardware) might add up to between $100,000 and $600,000.



General Motors has taken a stake in several of the small suppliers (see other story). Other US companies, such as Westinghouse, General Electric and 3M, have indicated interest in producing vision systems —although no big company has indicated enough interest to make an attempt at leadership.

Ms Laura Conigliaro, an analyst with Prudential Bache Securities of New York, who monitors technical trends in automation, says: "It's not an easy industry."

She predicts sales of vision systems will slow in the next two years because of a shortage of standardised systems and the difficulty many companies face in committing engineering resources to installing the hardware.

However, she does not doubt the value of machine vision. "The payback time can be quite remarkable," she says, citing greater reliability in production processes and reductions in costs because of fewer faulty parts.

Mr Don Braggins, a British consultant in factory vision systems, says: "Machine vision allows factory equipment to deal with disorder. Instead of going to a lot of trouble to ensure components are presented to machines in a set way, you can leave the machine to sort out the situation."

He says reductions in costs of jigs and fixtures, tools to keep components in place before presenting them to a machine, can itself justify the cost of the hardware.

> 'Machine vision allows factory equipment to deal with disorder. Instead of going to a lot of trouble . . . you can leave it to the machine'

With about 1,000 vision systems, General Motors is one of the biggest users. Most equipment is used for inspection.

Mr Jerry Elson, director of artificial intelligence at GM's technical centre in Dearborn, Michigan, says vision hardware is one manifestation of what he calls "intelligent automation." This is hardware that works not in fixed seqnences but senses changes around it and operates accordingly.

Of the 14,000 robots that Mr Elson predicts will work in GM factories in the 1990s, about half will have vision. Now only a few dozen of its 5,000 robots have vision.

Apart from "seeing" robots, GM has identified 40,000 generic activities in its factories which could benefit from vision hardware. These encompass areas such as the inspection of surface defects, application in assembly operations and machine tool loading.

The car industry is the dominant user of vision systems. In the US, it accounts for about a third of sales. Besides GM, BMW, Volkswagen, BL, Volvo and Ford have started to install vision hardware on assembly lines.

Mr Tony Nye, manager of advanced manufacturing engineering at a Cummins Engine factory in Darlington, Co Durham, is about to buy a $100,000 system based on four cameras and a computer controller made by Itran, of Manchester, New Hampshire.

The hardware will inspect engines for faults as soon as they leave a production line. Mr Nye says: "We hope to reduce virtually to zero the chances of the engines being made incorrectly."

He is confident his company will save money as a result of a reduction in warranty claims and in the number of engines that need to be repaired.

The system should pay for itself within about four years, he says, which is something the company's accountants insisted on before the investment was sanctioned.

General Motors is a big fish among a shoal of minnows

The industry

THE machine vision industry is made up of many small companies, few of which have a big market share.

In the US, the centre of most activity in vision systems, about 100 companies sell equipment. Fewer than 10 have sales above $15m (£10.78m) a year. Most have concentrated on niche areas, selling systems for specific jobs such as the application of vision to arc welding.

General Motors has taken a stake of between 15 per cent and 20 per cent in four of the US companies: View Engineering (the industry leader with annual sales of about $17m), Robotic Vision Systems, Diffracto and Applied Intelligent Systems. GM also has an option on buying a share in Automatix, a fast-growing company in Burlington, Massachusetts, which sells vision systems and robots.

Some of the suppliers have expanded quickly. Robotic Vision Systems, based in Hauppauge, New York, has seen annual sales triple in the past year to $10m. Machine Vision International, of Ann Arbor, Michigan, has increased annual sales fivefold in two years, to $10m in 1985.

Europe's much smaller industry is also dominated by small companies. In Britain, companies such as Visual Machines, Computer Recognition Systems, Stonefield and Joyce Loebl (a subsidiary of Vickers) and Meta Machines have established a toehold.

Mr Paul Gregory managing director of Visual Machines, of Manchester, a spin-off of work at Manchester University backed by Rediffusion and American Robot Corporation, says one barrier to selling the technology in the UK is that many managers are not aggressive enough in pushing for the installation of systems.

Other European companies selling vision hardware include Sopelem, Nachet and Digtal Design of France and ADB Vision of Belgium.

In most equipment, a computer controller and camera costs between $30,000 and $70,000. A complete system, which may require several cameras and ancillary equipment such as robots, can cost 10 times as much.

The computer that analyses the pictures is crucial. In the systems of a few years ago, the computers were based on processing chips that analyse information about pictures in a serial fashion. In other words, each pixel (picture element) in the scene is processed one after another.

Such systems are slow. They may perform processing (for instance to determine the edges or centres of objects) in about two seconds.

To be of much help in a factory, this processing time must be shortened, to less than one second. One way to do this is through parallel processing, in which an array of chips performs operations on, say, several dozen pixels simultaneously.

Stonefield, based in Horsham, Sussex, is introducing an image processor (based on work at University College, London) that contains 1,024 chips in an array. At about $100,000, the system will be expensive, but will be capable of processing in one-25th of a second.

Systems for factories must be reliable. Failing to spot even one faulty component in 1,000 could lead to commercial disaster for a company.

To withstand rough handling, the hardware must be robust. Mr Stan Lapidus, president of Itran, a US vision system supplier, says: "You have to build the equipment as if it is to go on the back of a tank."

Honeywell opens demo 'factory'

HONEYWELL, the US computer and electronics company, yesterday officially opened a demonstration manufacturing business centre, designed as a mini-factory, at its northern regional headquarters in Cheadle Hulme, Cheshire.

The centre has the functions and stages of a manufacturing unit built into 2,500 square feet: reception, sales, accounts, design, production engineering, industrial engineering, production control and materials control.

Honeywell says visitors will see a demonstration product go through the production cycle, with all information appearing on workstation screens. It says the centre underlines the importance it ottaches to the fast-growing manufacturing systems market.

Detecting and sizing defects

A SPECIALIST service for detecting and sizing defects in materials is being offered by SGS Inspection Services of Aberdeen. The service uses the MDU 2-ultrasonic unit designed by the Central Electricity Generating Board for inspecting nuclear plant. SGS claims it is particularly useful in the application of fracture mechanics.

Energy saving

MANAGERS in schools and health centres that want to reduce energy costs may be helped by an energy management system introduced by Allen-Martin Conservation of Wolverhampton.

The hardware, for buildings with an energy bill of less than £7,000 a year, controls equipment such as boilers to ensure heating and lighting are kept within predetermined limits.

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"The Seven Series' 4-speed automatic gearbox panders to the Jekyll and Hyde in most of us. It transforms this luxurious (but never, ever, sedate) German mile eater into a rorty, roaring sports car." **FAST LANE**

"One of the best automatics (perhaps the best) in the world." **FAST LANE**

"We were very impressed with the acceleration of the 728i - indeed we re-checked our figures several times to make sure it really was that quick." **WHAT CAR**

"It is at the petrol pumps that the BMW 732i owner really feels the benefit of the Motronic engine management system: our example achieved a remarkable 22.3 mpg overall, with a worst result of 19.8 during performance testing and an almost unbelievable 25.1 on the fast cross-country run." **WHAT CAR**

"Just as the Daimler is let down - at least for those who like a responsive motor car - by its poor steering, so a superb steering system is the making of the BMW." **WHAT CAR**

"I tried to fool the ABS by braking fiercely with the nearside wheels on damp grass and the other two on a dry road.

I've slammed the brakes on while cornering at speed on a wet, greasy road. If the ABS had not performed as intended you probably wouldn't be reading this article." **FAST LANE**

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THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Agencies

Yearning to go solo

Feona McEwan spotlights three members of the emergent 'new wave'

HOW COME a blue chip advertiser like United Biscuits lands up in a novice agency barely a year old? What attracts high flier Virgin Atlantic into a virgin advertising agency just three months new? And what tempts Pepsi-Cola International to plump for an embryonic outfit of no very fixed address?

The short answer to why small agencies are being hired by large clients is that they claim to offer something different. More nimble on their feet, less hidebound by established practice in their creative approach; a chance for clients to work with the agency's top talent, and not be hived off to a junior team.

Start-ups, of course, are nothing new. They are part of the natural rhythm of any industry. But since the last major outbreak around 1979-80 when the Wight Collins, Gold Greenlees, Lowe Howard-Spink and Co burst onto the scene, the status has remained pretty much quo in terms of consequential breakaways. Lately it's been the deaths, mergers and takeovers—with Saatchi absorbing many of the vulnerable—that have made headlines, not the births.

Now a new wave of young agencies appears to be charging through the ranks. Three of the most promising are Still Court Price Twivy D'Souza (Virgin Atlantic's agency), Davis Wilkins (Pepsi-Cola) and Jenner Keating Becker (United Biscuits).

All three were born, in part, of a frustration among their founders, with the shortcomings as they saw it, of the agencies they left behind. At a time when they could have eased themselves into a safe agency seat, the principals chose instead to brave the turbulence of going solo.

What drives them is hunger to test themselves creatively and corporately—each agency started on day one without a single client. They don't have the luxury of established clients shuffling new business their way or the reputation of proven track records in their current incarnation or the fat of past profits to see them through. It is this adrenalin, they insist, that drives them to deliver of their best all of the time.

The adventurous client will take advantage of this energy and get in on the ground floor of an agency it senses might make the top flight one day.

The client also takes risks with untried agencies. Whatever the creative plaudits of the key players, their financial soundness, overall business acumen and the degree of in-depth support they can offer, remain an unknown quantity in the early days.

So what draws the client in? Tim Edwards, marketing director of Pepsi-Cola International (which handles the drinks company's Middle Eastern market) looked to London for an agency that was not too large to handle a regional offshoot of an international group and would make it feel it was an important client. It was also necessary that the agency met Pepsi-Cola's own stringent creative standards.

Hugh Band, marketing director of Virgin Atlantic, chose Still Price for its values. "They are youthful, not afraid to take initiatives, not hidebound by conservatism and traditional thinking. They're hungry. They also produce results fast. Our success depends on speedy reactions and we need an agency that can work to tight deadlines. So many agencies offer wonderful work after days of preparation and then falter at the real deadlines."

United Biscuits marketing director Terry Stannard cites chemistry as crucial in agency choice. "Having worked with the JKB team at their previous agency, we knew their calibre. And we were impressed with their stance on future consumer trends, which is something that we are passionately interested in."

In name alone, Still Price Court Twivy D'Souza could only be an ad agency. "Like the cast list of Ben Hur with all the extras" is how one client describes the agency that says it has the silliest name in town. The principals, all formerly with the admired Hedger Mitchell Stark, spurned board directorships and vast salaries to do their own thing after their agency's takeover by the Saatchis. In 12 months they gained £8m of billings.

They are a refreshing lot. With an average age of 27 they are producing ads that are among the most original around, often spiced with a potent twist of zany humour (Twivy writes scripts for the likes of the Spitting Image TV show in his spare time).

The Krups food mixer ad is a fine example. A startlingly simple idea, it shows the mixer going through its paces making . . . a rock cake. "Take 6 lb cement, 1 pint of water, 3 lb gravel and mix for 20 minutes." The result, a leaden cake, plops with a thud on to the table. "Concrete proof," says the voice-over "that Krups makes light work of the heaviest mixtures." Sales of Krups have subsequently risen by 300 per cent.

"Every ad must have a strong central idea," says Twivy, who is dismissive of what he calls "endless interminable rubbish" put out by many agencies to mask a poor idea. "In the same way that if a song works on plain guitar it'll be great with full backing, so with ads. Unless you have an exciting idea before you dress it up, it's probably failed the client."

With not a lot to prove in terms of personal achievement, Davis Wilkins made perhaps the most surprising debut of last year. Its pedigree is convincing enough. Tim Davis and Chris Wilkins together have 36 years of experience in the industry, eight of these together as chairman and creative director respectively of one of the biggest agencies around, Young and Rubicam.

Wilkins is regarded as one of the industry's best thinkers, doers, motivators and commentators. Behind him lies a trail of winners, such as the Pepsi "long-word" commercials and the Jeeves and Wooster ads for Croft Original sherry and a track record of top agencies—J. Walter Thompson, Saatchi, Boase Massimi Pollitt and Y & R.

Davis joined Y&R straight from Oxford University as account junior and left as chairman with a name for hard-nosed business acumen.

Growing disenchantment with the implications of Y&R's American-driven obsession with global advertising and global advertisers was a strong factor in the decision to split. Davis found himself at odds over the relative importance of national advertisers whom he felt were in danger of being upstaged by the giant global companies which ultimately brought in more money.

One of a series by Still Court Price Twivy D'Souza

Gradually, says Davis, "we had encounters with intelligent and ambitious UK clients who would not go near any large global US agency." Wilkins adds: "We found that the calibre of client we were keen to work with was increasingly not looking at the kind of agency we were in."

So in June Davis Wilkins was born. Boase Massimi Pollitt holds a 24.1 per cent shareholding—its share price jumped 30p to 305p on the day the deal was rumoured — though on the creative and media fronts the two agencies remain rivals.

"Responsible originality" is how Wilkins sums up the agency's quality. "We suspect there is a growing number of clients who do not want more unusual, riskier creative work. We can provide not just the reassurance of responsible advertising but the fact that we have the experience not only to know a good idea but to weed out dangerously wrong ones."

Clients include Sabre fashions, GT Unit Trusts, Pepsi-Cola International, Ferrero, Early's of Witney, National Society for Cancer Relief, and Matrix, the building societies' electronic funds transfer scheme.

After a lengthy apprenticeship with top American agencies (Ogilvy & Mather, Y&R, Masius, Benton & Bowles) the principals of the 14-month old agency Jenner Keating Becker are driven by the need to produce advertising that reflects changing consumer habits and attitudes. "Some of the medium-to-big agencies are too immobile, rigid, conservative and worried about the status quo," argues Neil Jenner. "This means that like the proverbial supertanker they are hard to control and impossible to change." (Jenner was formerly managing director at Robert Reeves Needham, where Keating was creative director and Becker media director.)

To escape the same fate, JKB has set up a permanent research link with the University of Surrey's psychology department which enables it to conduct research into relative consumer perceptions of products and then locate gaps in the market.

JKB claims to be the first agency to put planning and management functions into one department, so ironing out traditional squabbles between the research (planning) function, which focuses on consumer attitudes, and management need to meet client demands.

US video market

Studios push for sales

Frank Lipsius explains a shift in cassette marketing strategy

"THE US is two years behind the UK in terms of vcr (video cassette recorder) penetration," says Tim Baskerville, the publisher of the newsletter, Video Marketing. America was late to join the video bandwagon because consumers did not rent their vcrs but waited to make the bigger investment in buying them. Despite the late start, the willingness to buy vcrs has made the programme suppliers, led by the major Hollywood film studios, anxious to get consumers to buy and not just rent cassettes.

Long afraid that home video would supplant, rather than augment, box office revenues, the studios helped get video cassette sales up by 58 per cent to a robust $950m (£690m) in 1985, according to estimates by the Fairfield Group, an industry research organisation. With rentals more than doubling in 1985, from $1.76bn in 1984 to $3.6bn, the combined rates and rentals revenue last year doubled to $4.55bn, compared with a 12 per cent decline in box office revenues to $3.75bn, the first year home video exceeded box office income. At MCA's Universal Pictures, for instance, distribution president William Soady estimates that domestic theatrical revenues accounted for 28 per cent of income in 1985 while the domestic video cassette business accounted for 47 per cent.

Vcr penetration in American households did not exceed 30 per cent by mid-1985, so the studios are convinced there is still extensive growth left in the video cassette market. Besides counting on a further increase in sales of vcrs, they are making a concerted effort to turn cassette renters into buyers, a process that begins with lower prices but also encompasses several other marketing moves which will determine the long-term viability of the home video market—and the Hollywood film studios.

Already Americans have bought hundreds of thousands of old non-copyright films from mass merchandisers like K mart for $19.95 and less. Paramount pioneered bargains for more recent films, bringing retail prices down to $25 for 25 titles in the 1984 Christmas season. Executive vice president Bob Klingensmith reckoned he might have sold 5m units of the Christmas promotion, which set a price just at the level the package could be deducted as a business gift. In fact, Paramount sold only 1.4m because of the inability of its duplicator to keep up with the orders.

While lower prices are the most obvious way to encourage sales, most studios are reluctant to go below the standard $79.95 per cassette because they reckon it takes a disproportionate increase in sales to make the same profit at lower prices. But as they are forced to maintain their supply of product, all the studios re-release titles at lower prices. MGM/UA recently announced a promotion at $29.95 for a dozen films including 2001: A Space Odyssey; Embassy is doing the same for major titles like The Exterminator.

Thanks to the lowered prices—and hits—like Flashdance, An Officer and a Gentleman and Terms of Endearment, Paramount puts out only 1½ per cent of all video titles while taking 15 per cent of the market share and 10 per cent of the industry's dollar volume.

Cinema release

Another of the marketing strategies is to take advantage of reviews and advertising for the original cinema release in the US by getting the video to market as soon as possible. First distributed to cinemas in May 1985, Rambo, First Blood Part II noted in its advertising that the video would not be released until 1986. It has now come out with an unprecedented initial sale of 427,000 units at $79.95, while it is still playing in American cinemas.

Nick Santrizos, the president of Thorn-EMI/HBO Video which put out the Rambo II cassette, says that six months is a standard contractual lead time between theatrical and casette releases. Films that do not do well in cinemas often get quicker cassette release, while phenomena like Rambo II enjoy simultaneous promotion in the two formats.

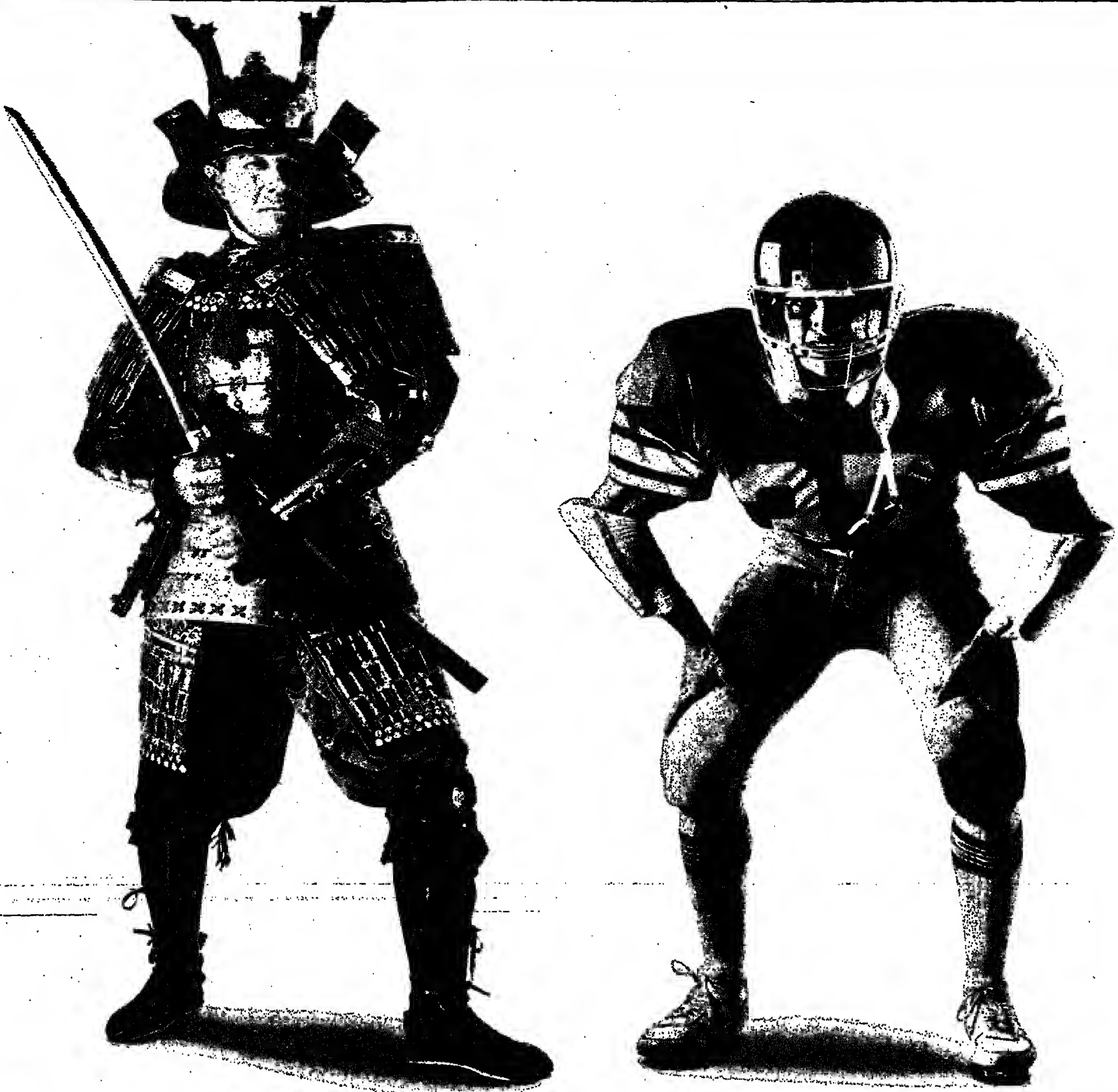
Home video companies are also pushing retailers to get on the outright sale bandwagon. The retailers' trade group, the Video Software Dealers' Association (VSDA), made the theme of its summer convention, "Sellabration," but in discussions between retailers and suppliers, the shop owners deprecated the small mark-up and high inventories required to achieve sales.

Meanwhile, competition has steadily forced down cassette rental charges. Once ubiquitous rental "clubs," which built loyalty (and, at $50 a year, income), have declined while rentals may be as little as $2.50 and or even $1 or two-for-one. For a growing business, video retailing is experiencing a high casualty rate. Out of a relatively steady total of some 9,000 retailers, 6,000 are prospering at any one time, with 3,000 going in or out of business each year.

The major video suppliers are also gradually revamping their distribution channels, a move that may ultimately help them reduce wholesale prices while retaining profit margins. Only four years ago, when home video in the US was still synonymous with pornography, the studios channelled their low-volume video sales largely through former local and regional record distributors (which had excess capacity because of vertical integration among the large record companies). Vertical integration is now beginning to happen among the video companies. Major studios like MCA-Universal and Warner Bros have record branches through which they have already started selling videos. Twentieth Century Fox and Columbia teamed up with record distributors CBS and RCA, respectively, to have access to the record companies' national wholesaling networks.

CBS/Fox announced at the last VSDA convention that it would begin to sell direct to mass merchandisers, leaving distributors to fight over smaller accounts.

The suppliers' repositioning has thus far occurred in an environment of a sellers' market, where a limited production capacity keeps major releases rationed among distributors and retailers. Vertical integration will help the studios control the supply of films when manufacturing catches up with demand.



WATCH OUT JAPAN, HERE COMES SPIKEY DODDS.

Spikey Dodds is a typical British sixteen year old, leaving school this year.

But to Japan, and our other international competitors, he's a big threat.

That's because this year he'll be starting 2 years paid skill training on the new YTS.

He'll begin his course by trying out several different skills before he chooses the one he'll train for through to the end of the second year.

By then he'll have a skill, a certificate to prove it, and a better chance of getting a job.

Our competitors in the Far East and Europe have been training their young people like this for years.

It's made them more efficient and more productive and it's helped them take trade away from us. But from now on they're going to have to watch out.

Spikey will be spending the next two years learning how to take trade away from them for a change. Along with about 360,000 other ambitious British school leavers.

MSC

TRAINING FOR SKILLS. THE NEW 2 YEAR YTS.
NOW 16 AND 17 YEAR OLD SCHOOL LEAVERS CAN EARN WHILE THEY LEARN.

THE ARTS

New York Music/Andrew Porter

The place for soloists

Most nights in New York there are two, three, four soln recitals. The most agreeable venue is Merkin Hall, the concert hall of the Hebrew Arts School, a block north of Lincoln Center, seating 460 and a pleasant place. Alice Tully Hall, in Lincoln Center, seats 1,096 but seems much bigger. (Miss Tully, a tall woman, insisted on plenty nf leg room.) It is not an intimata place; the acoustics are clear but cold. Town Hall, built as a lectura hall in 1921, saating 1,504, is a gam; it does feel intimate, and the acoustics are warm. Once it was to Naw York whet the Wigmore was to London—the hall where *all* the famous artists appeared. But it la in wbat is now a sleazy, sinister neighbourhood, just off Times Square, and despite persistent attempts to re-establish it, it proves hard to get audiences to go there.

Carnegie Recital Hall, seating 298, is a fadad annexe of splendid Carnegie Hall; although it is under the same roof, It is not linked to it in the way that the Purcell Room and the Elizabeth Hall are linked. It is reached by a separate "servants' entrance" and up aeveral flights of steep institutional staircase. Water is *the only drink it offers its* guests. Over the East Side. there is the admirable concert ball of the Young Men's Hebrew Association, seating 850, a busy musical centre and the boma nf the Y Chamber Symphony and the Y Chorale. Those are just the main places, the ones debutants choose when they hope to get a review in the Times. There are many other balls, and many concerts are given in churches.

Most nights in New York there are two, three, . four solo recitals . . .

Like most music critics whn work "soln," not as part nf a newspaper's team, I look at the daily richness available, regret that I cannot get to more nf it, *and try to hear the artists whom* the "grapevine"—that not unreliable indicator—has reported worth bearing and the programmes that are especially attractive. What follows is brief accounts of some nf the more-notable soloists I beard last year and this—the ones with both ability and the "spark" that makes one sit up and pay delighted attention.

First a young baritone, Curt Ollmann, who in a Merkin recital of French song showed the true lieder or mélodie singer's ability to give each song its particular setting, atmosphere, character, characters—to conjure up a scene, a mood, a drama *in small space. Exquisite* French, and a very beantiful voice, with a Souzay-like *delicacy*, variaty, and subtiety of inflexion. The second book of Debussy's *Fêtes galantes* was especially fine. Ollman is not well known in this country—he has been singing with the Milwaukee Skylight company—but soon he sings Pelléas at La Scala.

Will Parker is another "schol of Souzay" baritone. He is a little older than Ollmann, and his voice is not quite as beautiful, bnt he is a sensitive and intelligent artist. At his Tully recital last year, with Dalton Baldwin, I was just a shade *disappointed*. Three seasons with tha City Opera—Papagano, Dandini, Lescaut—seemed to have blunted the finest shadings of his voice. Ha opened up too eagerly. And Tully is not a ball that encourages dalicate singing. All tha same, there were beantiful things in his Debussy, Ibert, Leguerney, and Pouiene recital.

Judith Pearce, the flutist once of tha Fires, than of tha Nash, bas come to live in New York. She "presented ber credentials" at a recital given for the New York Flute Club in CAMI Hall (a poky hall, *opposita Carnegie*, In *the building* that houses Columbia Artists Management Inc, the most powerful organisation in American musical lifa). Sha played the *Night Thoughts* that Nicholas Maw and the *Kestrel* that Peter Maxwell Davies composed for ber—also Spohr, *Koechlin*, and Reinecke. It was good tn bear again ber true, individual, *subtly inflected* voice.

Two *clarinettists were outstanding*. Charles Neldich (who bas just won the Naumburg), long admired in contemporary ensembles, gave a soln recital in Merkin, and played Kalliwoda, Schumann, Reinecke, Berg, Edison, Denisov, and others with grace, bravura, wit and poetry. Jean Kopperud gave the local première of Stockhausen's *Harlequin*—which is played, danced and acted at once—in a *captivating* display np at Symphony Space. I nmitted this Upper West-side hall from the preamble because it is used more for ensembles than for solo recitals. It is a shabby-informal, relaxed concert hall, once an ice-skating rink, on Broadway at 95th Street, on the fringes of Harlem bnt already lapped by the waves of Yuppy gentrification sweeping up Broadway. (The Fires packed it on their 1983 visit.) This was in fact an ensemble concert: William Purvis gave the local première of Davies's *Sea Eagle*, and joined with Rolf Schulte and Alan Feinberg in that of *Ligeti's Horn Trio*.

Trumpeter of the year was *young Stephen Burns*, playing—and dancing — Stockhausen's *Michael's Farewell* at the Y. Clarioned by five bold players, it wakened the residents in the streets around Covent Garden after tha Royal Opera's *Thursday*. In this solo version, four of the calls are prerecorded and the fifth is sounded live. It crowned an evening of dazzling displays on trumpets through the ages, of various shapes and sizes. Cellist of the year was André Emelianoff, in Merkin, with e fervent account of Brahms's Opus 99, a lyrical one of Barber's Sonata, an impassioned première of George Perle's noble Cello Sonata, and a curiosity in the form of Charles Wakefield Cadman's picturesque *A Mad Empress Remembers*.

A young American artist *to watch for is Thomas* Gallant, oboe . . .

A young American artist to watcb for is Thomas Gallant, oboe, who makes his Wigmore dabut in December this year. In Carnegie Recital Hall this month be gave a short, brilliant, and charming programme (just an bour of music). Entitled *The New Oboe*, if contained works by Holliger, *Harvey Sollberger*, *Gilbert Amy*, Berio and Penderecki. The "new oboe" is not an instrument of pastoral melancholy; it babbled, bubbled, trilled, ebuckled, chattered. In Sollberger'a *Two Oboes Troping*, Gallant and Marilyn Coonce were like a pair of bright birds pecking merrily over e tray of delicious nuts. In Amy's *Jeux* (done in a three-oboe version, with Marilyn Coyne joining the ensemble), *the trio suggested* the *Macbeth* witches in *unmalicious* vein, gossiping and cackling volubly over each subject that came up.

Berio's *Sequenza VII* moved *from ebullience* tn poetry as its closing phrases drifted into "chords" (horrid sounds as a rule, these "multiphonics," but Gallant made them beautiful). *Chemins IV on Sequenza VII*—the same piece with 11 string parts added—raised the doubts that all the *Chemins* do: whether these elegant and interesting "further thoughts added" do not compromise the vividness of the original *Sequenze*. Penderecki's *Capriccio* for oboe and 11 strings made a good close—a piece of 1960s avant-garde music that has not faded.

Alastair Muir

Lindsay Duncan and Nicky Henson with (behind) Ian Talbot

The Merry Wives of Windsor/Barbican

Martin Hoyle

The innocent lost in the thicket of updating, mugging and gags of the kind that dot our thestrical landscape, can only paraphrase Red Riding Hood and exclaim, bewildered: "Why, RSC, what big gimmicks yon bave." And pat comes the reply: "All the better to patronise you with, my dear."

The Merry Wives, unveiled tn general approval at Stratford-upon-Avon, has arrived at the Barbican, and must have lost fizz, sparkle and spontaneity on the journey. William Alexander's production takes its cua from the conventional wisdom that describes this as Shakespeare's most bourgeois comedy and plonks it firmly in 1959—two years after Supermac bad stated (to be precise) that *"most of our people"* had never had it so good. Exhausted *by this brainwave, the director* proceeds to swamp the wretched play with funny walks, funny voices, funny laughs and funny accents—oh sorry, the latter was Shakespeare.

Of course, updating Shakespeare can work triumphantly, as the RSC has often proved. *Here a perkily bustling Look at Life* sound-track accompanies a non-speaking opening sequenca complete with pony-tailored girl, teddy-boy and blazered prep-school boys. *Doubts set in when the lounge*-suited Paga's greybound is mentioned (wrong elass, surely?); and wben Bardolph, Nym and Pistol launch into irredeemably and irreconclably Tudor facetiousness the mood slumps into the glumly self-conscious artificiality *in which the rest of the* play proceeds to flounder. Never has stage langhter sounded so mirthless. This is the sort of production where the revolving set arouses more pleasure than the actors.

Signs of desperation include the sudden lighting change as Alice Ford (Lindsay Duncan, drawn and tired-looking — alternating with *Liaisons Dangereuses* must take its toll) suddenly draws Falstaff into a cha-cha-cha and a glitter-ball transforms her "leounge"—Heathian diphthongs prevail—into a palais de danse for a moment. Tha final pantomime *intended to frighten the fat* knight falls listlessly between the saloon bar-stool and the Dralon sofa with its burly male fairies, animated Welsh garden gnome and all too obvious joke-shop outfits. How is anyooe meant to be *scared* of this? Falstaff is not an idiot.

On the credit side Paul Spence's Fenton is black poloneck, *shades* and laether jackel comes over as a funny mixture of Colin Wilson, *Brandn* and James Dean. Pater Jaffrey, long an expert at fatuous blandness and comic disgruntlement, is a Falstaff dwarfed by his plus-fours, handlebar moustache and canary waistcoat (though splendidly disguised as Giles's Grandma at one point). Shaila Steafel's revue-turn *as* a tipsy quickly gets most laughs; and *Nicky* Heoson performs his familiar feat of shaking the production by *the scruff of its* neck: his Ford is funny, *stylish and blessedly controlled*. Jeremy Sams's accurate pastiche of the whimsical musical drollery that used to punctuate radio comedy shows eventually achieves the nerve-grating hanality it attempts to satirise. The same may be said of the whole witlessly, insultingly, corny conception.

Serge Baudo/Festival Hall

Dominic Gill

The centreplece of Serge Bando's second concert with the London Philharmonic Orchestra on *Tuesday evening* was the Sibelius violin concerto: an *exceptionally well-mannered* performance, Sibelius without risks — *elegent, eareful*, without any sense of the elemental forces barely contained beneath the surface.

Bando *directed suavely*; the soloist, Ida Haendel, by contrast, let loose the wild currents in tha music. Intonation was sensationally pure and true; the hig G-string tunes of the first movament wera delivered with marvellous fierceness and intansity. The first 16 bars of the *adagio*, entirely on the G string, glowed with a colour and a dark intensity few violinists alive today can match. The finale erackled with high-voltaga energy.

Baudo bas a kneck of making music sound as genial, debonair and buoyant as can be—and also et the *same time almost* entirely unmomentous. The *manner of course* works very well in unmomentous music; but in Brahms's fourth symphony it gives rise to a powerful sense of chances missed and directions blurred. The LPO's and Baudo's account of Brahms's Fourth after tha interval was really, from start to finish, no more than teatime Brahms — solidly and respectably so, but without a trace of a certain fundamental Brahmsian sinew. The first and last movements In particular sounded like Brahms Boy Scouts on parade: all smug promises and earnest reassurance. The evening bad begun with Berlioz's Benvenuto *Cellini* nverture: a decent, unremarkable account—one would hava expected something a shade more closely focused, even flamboyant, from an aficionado.

Die Winterreise/Wigmore Hall

David Murray

No doubt the baritone Stephen Varcoe has been preparing his account of Schnbert's *Winterreise* for a long time. What it did not have on Tuesday evening, with Graham Jnhnson at the piano, was the ring of a seasoned *performance*. We seemed to be hearing the first shy results of much thought and study, not yet fully scaled to tha recital platform. Tha voice, respectfully restrained, traced Schubert's lines with extreme taet, as if singing them full-out would be a presumption. Vocal colour was admitted rarely and cautiously. As inlerpretation, it was all edmirably, scrupulously faithful—song hy song; but for a whole dramatic cycle it made a pallid experience.

As a set of poetic first-person *meditations, Die Winterreise* is of course uniquely gloomy; part *of Schnbert's* genlus in the work is to preserve that charactar whila achieving a bold variety in bis settings. Most nf tha variety was left to Johnson to bring out—with varying success; besides some heavily cumbersome treatment (the fluttering triplets of "Der Lindenbaum," for exampla), the dynamic level of the piano often thrust it into the foreground at the expense of the voice. The refined subtleties in what Varcoe did were easily covered, with so mueb *mezza voce* and so little open thrust.

If It was a small-scale performance, it was navar limp—the tread of certain songs, lika "Der Wagweiser," even too urgent to capture the sense of weary trudging. Varcoe's timbre in the upper regisler can sound strikingly youthful—something which might be used to poignant effect as the performance itself matures, but this time seemad merely innocent In places whera bitter self-understanding *is* of the essence. In fact no emolional development was really suggested; tragedy never broke *through* the delicately elegiac tone, and the cycla remained only a saries of mournfully lovely songs. On that level, I could have catalogued many small insights and graceful touches—but Winterreise wants more than that.

Hamlet/Frankfurt

Ronald Holloway

Although Shakespeare is Germany's most popular dramatist he is given many faces and different sets of clothes. Directors are wont to abandon Schlegel-Tieck's classic romantic translation on the hunch that more critics will show for the première if the extra bonus of a "new translation" is offered in the programme. Another eyecatcher is "Staatstheater-Turnier," a *friendly* joust among aspiring Intendanten in major cities *to see* wbose production of a certain classic will coma out ahead in the critics' ratings.

Take Hamlet, for instance. It is being performed in Frankfurt and Munich and Vienna. A season ago, the Berliner Schaubünne graced a new establishment on Lehniner Platz with the exceptional Bruno Gaaz as the melancholic Dane. A generation ago, Gustaf Gründgens's Hamlet vied with that of a youngstar named Maximilian Schell—and with Gründgens directing Schell in this 1962 Hamburg produotion It becama a magical, legendary moment in German thaatra (this was the year Maximilian Schell won an Academy Award). Klaus Maria Brandauer, after *Mephisto* and *Colonel Redl*, is seeking to crown his career at the Burgthaater Wien by playing Hamlet's ghost as well as the troubled prince.

Schauspial Frankfurt, under its enterprising new Intendant Günther Rühle, openad tha saason with a *Hamlet* thet bas consistantly drawn crowds and delights for a number of reasons, not least of wbich Is the return to the traditional lata 18th century translation of August Wilhelm von Schlagal. The costumes have an air of Goethe's own Shakespeare-inspired (some commentators say by Hamlat) *Wilhelm Meister* and *The Sorrows of Young Werther*. The text is given all due *respect* over a four-hour span without any visible cuts or extra gimmicks to liven up the action.

There is ooe twist, none the less, that singles Holger Berg out as a stage director to watch. Gertrude and Ophelia are played hy male actors — not an entirely unconventional inspiration these days, but allowing here for an even more faithful adherence to the fundamentals in Shakespeare's tragedy. From the outset, the centre-stage *is* given to the entire Frankfurt eosemble, and not dominated by a thespian personality tearing et *his* psyche.

Berg works on a vacant stage *with the* bouse lights up. Fortinbrass journeys throngb Denmark nn *his way to Poland* by simply advancing through a door at the rear of the anditorium and delivaring his lines in motion as he heads for the exit at the baek of tha stage; the same route had been travelled aarlier by the ghost of Hamlet's fathar in full armour. Some aetors play several roles: Rosencrantz and *Guildenstern* were first Francisco and Bernardo, and one or *the other will pop* up again latar in other guises.

Frankfurt's *Hamlet* succeeds beeausa It does not aim too bigh. This is a family tragedy, hardly a reconstructad politieal tract and certainly not a psychological plunge into tha mysteries of the self. Martin Wuttka's Prince eppears *to be* a refugee from the thaology class at Wittenberg, or one of today's youlhful rebels upholding *the rectitude* of the generation gap and fathar-son conflicts.

There is anothar link to German letters in this production of *Hamlet*. A dacada and a balf ago an East German dramatist, Ulrieb Plenzdorf, set tba stage afire in East and West Garmany with *The New Sorrows of Young W*, a *reinterpretation* of Goethe's classie which he updated to show a rebelllous jeans-generation in a socialist society. Hamlet is Werther Plenzdorf-styla.

Critical images and self-portraits of Rembrandt and Van Gogh

There is a sense in which all 'Art is Antobiography, for what else has any artist to work by but his own experience and view of the world. In most cases Il *is* nnt *a point to take* so much to heart as to mask all other more general *or* practical considerations, but with certain rare individuals, so elosely does the life march with the work that it might almost be a material part of it and must be taken as of first, determining importance. With such artists as Rembrandt nr Van Gogh, both of them constantly and unselfconsciously self-aware, and *wonderful self*-portraitists by the way, to confront any work is to confront the man.

With Van Gogh especially, every work appears so much e function of particular circumstance and state of mind, that It is not a matter of anecdotal interest or convenient chronology to fix its place exactly in the working order, but of fundamental understanding. He wrote as obsessively as be drew and painted, and his correspondence comes together as a kind nf running journal and documentation of his brief career, with all Its private hopes and crises and secret triumphs so poignantly set down.

It stands as e *natural* complement, if in a minor key, to the *major visual preoccupation* and achievement, and in so obvious a way that it has taken until now for someone to put them together. *Vincent by himself*, edited by Bruce Bernard (Orbis Publishing: £30.00, 327 pages) is beautifully done, set nut and labelled with an admirable *simplicity, following* Vincent from place to place, month by month to those last *terrible* weeks at *Auvers* in the summer of 1890.

"... I myself am quite absorbed in tha immense *plain* with wheatfields against tha hills, boundless *as a sea, delicate* yellow, delicate soft green . . . everything under a sky of delicate blue, white, pink, violet tones. I am in a mood of almost too much calmness, in the mood to paint this . . ."

to his mother and Wilhelmina, his sister, shortly before he shot himself.

Of Rembrandt'a portraits, Vincent said: "... It is more than nature, it is *a* kind of revelation"—which qnotation is given as an epigraph to *Rembrandt: Salf-Portrait*, by *Pascal Bonafoux* (Skira/Weidenfeld & Nicolson, £40.00, 159 pages).

The first image by Rembrandt of himself dates from 1625, a *fiercely grimacing* character in *The Stoning of Stephen*, the last from 1669, the year nf his death, the head and shoulders of a quiet old man turnad gently towards the mirror, which is also the canvas, and to the viewer wbo is both himself and us. In the interval be painted himself many times, charting his own passage through lifa and his own mortality.

These paintings, and tha etchings and drawings related to them, make up nne nf the most remarkable sequences in all art and certainly one of the most deeply moving. Tn have them all together in a book as physically handsome as this, reprodnced so beautifully and *so generously* in their proper order, is justification enough Each painting has a full page to *itself* and, *where* the anthor is moved to supply it, a commentary of sorts. In truth this is a lavish and splendid picture-book, to see and feel rather than to read, a purely visual catalogue to which the pretentious and often silly text matters bardly at all.

"These portraits," says M. Bonafoux, "are the portraits of Time, of the obsencity of Time that spoils wrinkles and withers. . . . *To observe them* is to observe, in the bere-and-now, all of Time: our finite measure and its immeasurability." Van Gogh, and all the others whom he quotes, are rather more to the point.

For e proper critical study of Rembrandt's lifa and work we must turn *to Rembrandt, his life, his paintings* by Gary Schwartz (Viking, £20.00, 380 pages).

To attempt to reproduce the entire oeuvre in colour for the first time in one volome is ambition enough, let alone supply a full biography and critical exegesis. To do It all at this price is remarkable. The biography is interspersed with commentary, with particular discussinn *of* the several aspects of the work at intervals, the whola dense with information. *It is* a *valuable* addition to the Rembrandt canon.

Three useful titles have lalely come from Thames & Hudson in their uniform format series nf monographs, and excellent value they are (each of 128 pages, with 40 colour plates end a fully illustrated critical introduction: £12.95): *Chagall* by Werner *Haftmann*; and *Vuillard* by Stuart Preston.

William Packer

Sadler's Wells could close in May

Sadlar's Wells Theatre will close on May 17 unless the sum needed for a revenue grant in 1986-87, £267,000, is found before the board of governors meets on February 14. The critical situation has arisen because management discussions with the Arts Council have *failed to reverse a council decision* not to replace the GLC's grant *after* abolition on March 31.

Director Stephen Remington said yesterday that the decision not to supply extra funding to threatenad "receiving theatres" was, in Sadler's Wells's case, mistaken. The theatre is the home of Sadler's Wells Royal Ballet and of the New Sadler's Wells Opera and is an acknowledged *London* base for many international companies. *The visit of the* Central Ballet of China, booked *for* early October to coincide with the Queen's visit to China, *is jeopardised*.

Sadler's Wells raises 75 per cent of its income through sponsorship (about £350,000) and self-generated income. The figure required as a revenue grant represents infrastructure costs — maintenance of the building and saleries paid to 35 full-time and 38 part-tima staff.

Tha likalihood of Islington Borough Council, the Greater London Arts Association or the Inner London Education Authority coming to the rescua is thought to be minimal. The theatre and its board are hoping for a larga rescuing donation while maintaining tbat the crisis results from a misunderstanding between Government and the Arts Council. Both Lord *Gowrie and his successor as* Arts Minister, Richard Luce, are on *record with assurances* to Sadler's Wells that the Arts Council would make good the loss of GLC funding.

M.C.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Jan 24–30

Exhibitions

BRUSSELS

Women in Pharaonic Times: 86 objects from the Cairo Museum including jewellery, make-up and perfume cases, religious objects and musical instruments reflecting the status of women in Court and Temple roles. Musée d'Art et Histoire. Ends Feb 28.

ITALY

Milan: Palazzo Reale and Palazzo Bagatti Valsecchi: Edvard Munch (1863-1944): *A large retrospective* show by the Norwegian forerunner *of the expressionists. An extraordinary* conveyor of pain and anguish. Most of the paintings are from the Munch Museum in Oslo. Until March 12.

Rome: Palazzo Venezia: "English Caricature, from Hogarth to Cruikshank". 114 engravings from the Sprovieri collection bearing witness to the extraordinary freedom of speech enjoyed in England in these years (1740-1840). Nobody is spared: the Royal Family, the Government, the Church, the army or the aristocracy. The exhibition is sponsored by the British Council. Until Jan. 30.

Venice: *Palazzo Fortuny*: two photographic exhibitions on 19th century Venice: *Venice as seen by 19th century* photographers and Daguerrotypes from the Ruskin collection. This is the first time that material Ruskin collected in Venice between 1845 and 1858, which comes from the Ruskin Gallery in the Isla of Wight and the Coniston Museum, has had e worthwhile exhibition. Also included are 16 photographs of Vernona and several of Florence, Siena, *Lucca* and the *Alps*. Ends March 30.

PARIS

Galle: The first retrospective in France in honour of one of the most important artists of Art Nouveau who successfully explored the sinu*ous line in ceramics, glass and cabi*net making. Musée du Luxembourg, closed Mon, Thur late opening. Ends Feb 2 (42 34 25 95).

Homage to Paul Delvaux. Distant and solitary in their cool perfection, their large eyes unseeing, Delvaux's *nudes* people *his* dreamlike universe. The one touch of realism comes in the painting of his mother's kitchen, with an old-fashioned coal burning stove, grandfather clock and cured ham hanging from the rafters. Centre Wallonie-Bruxelles, *Ends March* 31 (4271 2616).

WEST GERMANY

Munich: Haus der Kunst, Prinzregentenstr. 1: Karl Spitzweg (1808–1885): 500 drawings and paintings with 70 cartoons from four artists, among them Daumier, Doré, Gavarni and *Grandville. Ends Feb.*

Berlin, Bauhaus-Archiv, Klingelhöferstrasse 14: Walter Gropius, "The Architect and Designer." An exhibition of paintings, constructions, designs and furniture by Gropius. Ends Feb 2.

Bonn, Rheinisches Landesmuseum, Colmanstr. 14-16: Constant, a Dutch painter and architect, one of the founders of the avantgarde organisation COBRA in 1948, is the highlight of a workshow of 65 oil paint*ings, gouaches and architecture con*structions. Ends March 3.

Hanover Kestner Gesellschaft, Warmbüchenstraße 16: Tony Cragg. 10 *objects of wood, stone*, plastic and steel by the British sculptor. Three have been made for this exhibition. Ends Feb 9.

SPAIN

Madrid, *Repetitive Structures*. 22 works by 21 artists on loan from Ludwig Museum in Cologne, among them, Andre, Judd, Lewitt and Morris engaged in the Minimal movement and Andy Warhol, Lichtenstein und Dine in the Pop Art. Interesting *mix of styles and trends. Fun*dacion Juan March, *Castello 77*, Ends Feb 16.

Barcelona Thesaurus. L'Art dels Bisbats de Catalunya sponsored by the Fundacio de la Caixa and collaboration of Tarragona's Episcopate. 170 works *carefully* chosen and of great value. All pieces have been cleaned, restored and thoroughly catalogued. Palau Macal, Paseo de San Juan, Barcelona. Ends March 2.

Madrid, Alejandro Obregon, born 1920 in Barcelona. A retrospective of work 1946-1985, showing influences of Cezanne, Picasso, Braque, and Goya. 63 works by the most relevant painter of Colombia. Banco de Bilbao, Paseo de la Castellana 81. *Ends* Feb 18.

Valencia, Julio Gonzalez (1876-1942), Cubist sculptor born in Barcelona, considered avantgarde of his time, was a great friend of Picasso. On show 32 sculptures, 62 drawings, 10 paintings and 10 copper plates. Most relevant work exhibited is his masterpiece *La Montserrat* made for the Spanish Republican pavilion at the International *Exhibition* in *Paris* 1937, on loan by Stedelijk Museum, Amsterdam. *La Llotja, Plaza del* Mercado. Ends Feb 8.

Valencia, Manuel Millares (1926-1972), founder of El Paso movement in Spain 1958. Exhibits 30 of his most characteristic paintings in sackcloth. Also some gouaches and drawings. Galeria Cuatro, Calle del Olivo 4.

Madrid, Enzo Cucchi. A selection of artist's drawings and paintings of the past 16 months. One of the top international plastic painters of the 1980s. This show goes on to Bordeaux, *New York* and Paris. Fundacion Caja de Pensiones, Serrano 60, *Madrid. Ends* Feb 2.

Barcelona, World Homage to Joan Miro, the leading surrealist Spanish painter had many great friends in tha art world, who have donated or lent a significant item as a tribute to this great artist. Exhibition includes *38 pieces, paintings, drawings*, sculptures, collages, ceramics, photos embracing Dada art, Pop art, Cubism, Surrealism and abstract waves. Among the artists: Balthus, Duchamp, Richard Hamilton, Wilfred Lam, Max Ernst, Tanguy, Kandinsky, Braque, *Henry Moore, Antoni Tapies*. Fundacion Joan Miro, *Parque de Montjuic.*

NETHERLANDS

Haarlem, Teylers Museum. A biographical exhibition devoted to Charles Darwin, his theory of evolution, and its reception in 19th-century Holland. Ends Mar 9.

Haarlem, Frans Hals Museum. Le Corbusier's Influence on Dutch architects traced in photographs, drawings and models of buildings reflecting his ideas on the relationship between man *and his environ*ment. Ends Feb 16.

NEW YORK

Guggenheim Museum: 55 major sculp*tors of the 20th century, including* Giacometti, Nevelson, and Johns, are part of the theme Transformations In Sculpture, meant to cover pop art, minimalism and Arte Povera, among other movements of the past 40 years. Ends Feb 16.

Pierpont Morgan Library: 200 British photographs from the Victoria & Albert Museum cover Fox Talbot to Julia Margaret Cameron and Lewis Carroll among the earliest practitioners in the years from 1839 to 1900. 36th St & *Madison Av. Ends* Feb 2.

Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, *like a French Rococo carriage*, firearms, sculpture and a hundred paintings, including 19 Rubens, 5 Van Dycks, and 8 Franceschinis. Ends May 1.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 ob*jects from 200 stately homes* in a show mounted and decorated to *look like the quintessential stately* home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

National Museum of American Art: 73 works of New Zealand Maori artists show the mixture of religious, symbolic and artistic traditions in feather capes, *ceramic vessels*, carved and painted gourds and woven *hangings using native materials*. Ends March 9. Renwick Gallery.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday January 30 1986

Time to phase out the MFA

THE EUROPEAN Community is having difficulty hammering out a joint negotiating position on the future of the Multi-Fibre Arrangement (MFA). On Monday, Ministers meeting in Brussels could agree only that a joint position must be reached during February. If necessary, a special meeting of Ministers will be called. Time is running out for two reasons. The present MFA, which regulates trade in textiles and clothing between developed and developing countries, expires in July. Although the EEC has already agreed that the pact should be renewed, there is as yet no consensus on how, if et all, the agreement should be liberalised. In eddition, preparations for a new round of trade talks under the euspices of the General Agreement on Tariffs and Trade are under way. The EEC must be able to speak with e single voice soon, if only because some of the internal disagreement is over the relationship between MFA negotiations and the forthcoming Gatt round.

The EEC's lack of unity over the MFA reflects long-standing disagreements between member countries. France and Italy have taken a strongly protectionist line, while West Germany and the Netherlands have led the campaign for liberalisation. Britain has taken a middle-of-the-road position. It accepts the pragmatic argument for quotas, but favours several modifications: it wants special treatment for some of the poorer Third World countries and concessions for those developing countries which themselves have comparatively liberal trading regimes. Most important of all, the UK is arguing that tha long-term future of the MFA must be on the tabla in the forthcoming Gatt talks.

Minimal

The UK negotiating stance is surely a minimal one. It would be the grossest hypocrisy for the EEC to enter a new round of multilateral trade talks stressing the threat that protectionism poses to global prosperity, while refusing to negotiate on the MFA, a blatant example of an illiberal trade agreement. If the Gatt talks are to have any credibility, they have to address those areas of trade where Gatt rules are flouted. The MFA violates three fundamental principles — that the instrument of protection should be the tariff, that there should be no discrimination between Gatt signatories, and that levels of protection should be reasonably stable.

The British position on the MFA, however, unattractive though it may be to some EEC member countries, is by no means ideal. There is a strong element of mercantilism in its stress on reciprocity. The idea that concessions should depend on the liberality of developing countries' own trading rules reveals a misunderstanding of the nature of gains from free trade. The EEC as s whole, although not its textile and clothing concerns, would gain from an unconditional dismantling of MFA restrictions.

Suspect

The notion that the MFA should be a bargaining chip in Gatt talks is similarly suspect. Since it discriminates against developing countries and contravenes Gatt principles, it would be cynical for the EEC to argue that textile restrictions would be lifted in the longer term only as a quid pro quo for concessions on, for example, trade in services, which is not yet covered by any international agreement.

A far more constructive epproach would be for the EEC to agree ahead of the Gatt talks that the MFA will be renewed for the last time this July. The task of Gatt negotiators would then be to discuss how to phase out the MFA, not whether — or on what terms — it should be wound up. There are two main routes. The present quota restrictions could be progressively relaxed, so that within e decede or so they represent no serious constraint for Third World exporters. Alternatively, the quotas could be gradually replaced hy more efficient tariffs, the tariffs harmonised and then gradually lowered. Tha key point is that the phasing out must be carefully planned: since companies in the developed countries have invested heavily in the belief that present levels of protection are permanent, they deserve adequate notice of changes in the regulatory system.

Tha danger is that the EEC will agree an illiberal, lowest-common-denominator negotiating position on the MFA. If it does so, the ramifications may go far beyond textiles. The developed countries' commitment to more liberal trade will be called in question and the prospect of substantive progress in the next Gatt round that much reduced.

Imbalance in the dairy market

SIR STEVE ROBERTS, the farmer politician who is chairman of the Milk Marketing Board of England and Wales, was swift to congratulate himself this week, following publication of the long-awaited Touche Ross report on the MMB'a commercial activities.

He said the report, which was commissioned by the Ministry of Agriculture following pressure from the dairy trade and which examines the relationship between the board and its commercial and manufacturing arm, Dairy Crest Foods, should "allay the feers of those who thought that Dairy Crest Foods enjoyed unfair advantages."

Complaints

It is not clear that this is what the report will do. It severely criticises Dairy Crest's financial performance; it questions whether the company could have borrowed as much as it has to finance its investment programme over the past few years if it were an independent commercial undertaking; and it effectively accuses the MMB of keeping the prices it charges dairy processors too high in order to favour the dairy farmers who own it.

On that basis, it would seem that the complaints voiced with increasing vigour recently against the MMB by the Dairy Trade Federation, which represents independent dairy companies, are justified.

The MMB is a statutory co-operative of English and Welsh dairy farmers. Founded in 1933, it rescued dairy farmers from depression by giving them monopoly power over milk supplies.

For many years, the milk board managed to preserve a cosy relationship with the independent dairies like Express, Unigate and Northern Foods. It was the sole supplier; they bought the vast bulk of its output; and the board occupied the position of buyer of last resort to mop up any, primarily seasonal, surpluses of milk which might arise.

But the rules of the game changed in 1979, when the MMB bought 16 hutter and cheese-making creameries from Unigate. Overnight, this made the board by far the biggest dairy product manufacturing organisation in Britain.

For the trade, this created an uncomfortable situation. The milk board had become at the same time the monopoly supplier of milk for manufacture and the biggest huyer and there were suspicions that it was abusing that dominant position.

Although the report says Dairy Crest's edministrative systems are separate from those of the milk board, as EEC rules require them to he, it confirms the fears of the dairy trade that the MMB has been using its commercial arm to further producer interests "even where this would have an adverse commercial impact on Dairy Crest."

Put crudely, that means that the Milk Board will seek to boost its milk prices irrespective of the commercial consequences for Dairy Crest as a processor—and regardless of whether it drives any independent dairies out of business.

In e sense, it is hard to see how the MMB could manage its affairs any differently. It has a legal obligation to huy all the milk its farmer owners produce and to seek the best possible returns. It was obliged to buy the 16 creameries in 1979 because if it had not, Unigate would have shut them down, thus closing off a substantial string of outlets for milk.

Competition

Breaking the board up into smaller units or abolishing its position as monopoly supplier might help. A string of regional co-operatives, like those on the Continent, would be freer to price milk in a less monolithic way than the present structure. But that is a long-term option, and does not look feasible at present.

The logical conclusion from the report, therefore—albeit one that it does not directly draw—is that Dairy Crest should be hived off as a completely separate company from the milk board in order to compete more openly and fairly with the other dairy companies. If there is to ba a buyer of last resort in the milk market, that role should be left with the milk board itself.

THE FRENCH ELECTION

A new test for the constitution

By David Housego in Paris

FRANCE has had such a long history of short-lived governments and constitutional instability that it is with a mixture of fear and fascination the French are now watching the unfolding of a political battle which seems likely to dominate the domestic horizon for the next year or two.

The recent climb in popularity of the Socialists in the public opinion polls has injected some uncertainty to the results of the parliamentary elections on March 16. But the most likely outcome still remains that the right-wing parliamentary parties—the neo-Gaullist RPR and the centrist UDF—will have an absolute majority of seats in the Netional Assembly.

Thus for the first time in the 27-year history of the 5th Republic, France would be moving into the unknown constitutional terrain of power being shared between a President and a majority of the National Assembly who are in opposing political camps.

The mutual suspicion and hostility between President Mitterrand and his right-wing opponents—inevitably sharpened hy the invective of an election campaign—means that the relationship will at best be tense. Mr Raymond Barre, the former Prime Minister, has long warned that "cohabitation," as the French call it, will turn sour, thus preventing effective government and difficult economic decision-making.

"Cohahitation" will also only be an interim phase as both the Socialists and the right prepare the ground for the presidential elections that are officially due in May 1988. On both sides many believe that a conflict will erupt long before then, thus advancing the Presidential elections to next year.

The result of a future Presidential election is far more in doubt than that of the parliamentary elections. For in opting for a system of proportional representation for the March 16 poll, President Mitterrand has effectively limited the number of seats that the Socialists can lose, but equally condemned them to heing in e minority in the new Assemhly.

> **Mutual suspicion means any new relationship will be tense**

But in e two-way contest in a Presidential election between a left and right-wing candidate, it is by no means certain that the Socialists would be the losers. Mr Michel Rocard, for example, the most popular of tha Socialist leaders with an image of economic liberalism and moderate social reform that appeals to the centre, would stand a good chance of defeating Mr Jacques Chirac, the leader of the neo-Gaullist RPR who wants to become Prime Minister after March, so as to improve his Presidential chances.

In the test of strength that lies ahead, President Mitterrand's aim is thus to use the power and influence of the Presidency to put the Socialists in the best possible position to win the next Presidential election. His room for manoeuvre in that task would be enormously strengthened if the Socialists could hold on to their position of being the largest single party in the Nstional Assembly—or better still prevent the right from gaining an absolute majority. Hence he has taken the risk of actively entering the campaign by committing his partially re-found popularity and prestige to championing the Socialist cause.

The puhlic opinion polls now give the Socialists between 28-30 per cent of the vote, which is sharply up on the 23 per cent they were registering until late last year. In terms of representation in the National Assembly that would give them between 170-200 seats, thus achieving their goal of being the single largest party.

But it would still leave the parliamentary right with an absolute majority in the Netional Assembly of over 50 seats. For that majority to be seriously endangered the Socialist need to climb to 32-33 per cent of the vote and the parliamentary right to drop to 42-43 per cent from the 44-47 per cent they are currently credited with.

Nonetheless, the more uncertain the opposition victory, the more chance Mr Mitterrand has of sowing discord amongst it or of imposing a compromise Prime Minister under President Pompidou who has left little doubt that he would be willing to head e government of "cohabitation." Mr Mitterrand would be much assisted in such a task by the fragility of the centrist UDF which is a loose coalition of Christian and Social Democrats, many of whom have little quarrel with the Socialists.

Within this, he is also counting on Mr Barre and his close supporters declining to co-operate with a government of cohahitation."

By the same token, the Opposition needs a substantial victory in March to drown their divisions and leave Mr Mitterrand little choice but to eccept its programme or bow out. It is, however, one of the paradoxes of the present situation that neither Mr Chirac nor former President Giscard d'Estaing have an interest in Mr Mitterrand resigning immediately because it would leave Mr Barre as the most popular candidate on the right. The strongest argument for believing that "cohabitation" might work is that Mr Mitterrand, Mr Chirac and Mr Giscard d'Estaing all have an interest in blocking Mr Barre.

The Fifth Republic was created by de Gaulle with the intention of putting an end to the political and constitutional instability that had plagued France during the 19th century and much of the 20th.

> **After March power could be shared between a President and a majority of the National Assembly who are in opposing political camps**

Protagonists or partners? Francois Mitterrand and Raymond Barre (top left and right), and Valéry Giscard d'Estaing and Jacques Chirac (centre)

But the constitution itself is ambiguous on the balance of power between the President and the Prime Minister — with e legalistic reading of the text at odds with what has been the normal practice under the Fifth Republic.

De Gaulle described the Fifth Republic as being "half-way between a Presidential and a Parliamentary regime. Thus executive authority is shared between the President and e Prime Minster who is responsible before the National Assembly. The French system is thus different from the American where the executive power is not responsible to Congress.

De Gaulle chose to be President rather than Prime Minister and invested the office with greater authority by ammending the Constitution in 1962 to provide for direct election of the President.

Under all his successors — Georges Pompidou, Valery Giscard d'Estaing and now Francois Mitterrand — the responsibility for decision making has been concentrated at the Elysee. This expansion of the President's powers was only possible because each President has had a more or less pliahle majority in the National Assembly.

But the tradition of a strong President as ensuring effectiva government has now become so firmly anshrined that M Barre and others speak of it as reflecting "the spirit" of the institutions of the Fifth Republic. The logical conclusion of this view is that if the President's policies are disevowed in a parliamentary election or e referendum, then he should resign. Thus Mr Bare is demand that Mr Mitterrand step down if the Socialists are badly defeated in March.

The situation of a President and s parliamentary majority being on opposite sides of the political fence has so far never been put to the test under the Fifth Republic. But it was envisaged by former President Giscard d'Estaing in 1978 when it seemed possible that the left would win the parliamentary elections that year. He then warned that a Socialist-Communist majority in the National Assembly would be able to carry out its programme.

Before becoming President, Mr Mitterrand always had a similar reading of the constitution. He said in 1970 that if the left hed a majority in the National Assembly and be was Prime Minister, the left would "very quickly impose our law on the President."

It is on the basis of this legalisie reading of the institution, that the right believes it will have the power to implement its programme. The key clause on which it depends is article 20 which says that the Government (under the Prime Minister) "determines and conducts policy" and that the Government is responsible before the National Assembly.

The same clause implicitly limits Mr Mitterrand's choice of Prime Minister and increases Mr Chirac's chance of imposing his own candidature for the job. For the the Constituton elsewhere says that the President names the Prime Minister, the fact that the Government is responsible before the Assembly means that he must have its confidence. It is cleer that as the leader of the largest Parliamentary group on the right, Mr Chirae is in a strong position to assert his claim.

Both the RPR and the UDF, which are campaigning on e joint election platform and heve pledged to govern together, thus believe they will be in a position after March to carry out their programme of privatisation and deregulation and to implement their economie policies. The President has only minimal powers to delay lagislation. His advisers at the Elysee will also no longer heve automatic access to the flow of information within the government on which a President depends to influence decision.

But there are differing interpretations as to whether under the constitution the President can be forced to sign decrees or nominations of which he disapproves. It also leaves a grey eree of shared power between the President and Prime Minister over foreign affairs and defence. Thus, who would represent France at European summits would be open to negotiation between the two.

But if the initiative for policy stems from the Prime Minister, the President is hy no means left unarmed. He would have the influence that comes from tha accumulated prestige of the office and from being seen to represent France's image ahroad. He has the right to broadcast to the nation.

More specifically, the President is the "guarantor" of the constitution and responsible for its smooth running. He names the Prime Minister and presides over cabinet meetings. His signature is required for decrees which can accelerate legislation and for specific major appointments within the administration and public sector.

Above all, he has the constitutional power to dissolve the National Assembly and the political power to resign himself—thus plunging the country into fresh elections. It is this "sword of Damocles" as Mr Barre calls it, which is the most unnerving for the right as it gives Mr Mitterrand the possibility of going to the country on ground of his choosing.

Hopes for a peaceful "cohabitation" were based on the belief that neither Mr Mitterrand nor Mr Chirac had an interest in unleashing a constitutional crisis that might rebound against them and that both had reasons against advancing the Presidential elections. But of late they have been squaring up to each other as though preparing for trench warfare between the Matignon and the Elysee.

When M Mitterrand took over the leadership of the Socialist campaign and dubbed the Opposition's economic platform as being for the "rich and privileged," Mr Chirac warned him of the dangers of abandoning his role of head of state. "He runs the risk of being in great difficulty," he declared, "if his party is defeated in the election."

In practice Mr Mitterrand can expect short shrift from the Opposition after March. Mr Giscard d'Estaing has said that the President would be reduced to little more than a constitutional figurehead and others have spoken metaphorically of putting him "in a cupboard."

The right have not forgiven him for bringing Communists into the Government and suspect that he will try and manoeuvre behind their back Like Gulliver, they hope to bind him down hy demanding his signature for tests on privatisation or easing redundancy procedures that fly in the face of his stated heliefs. For the President the most humiliating part of cohabitation is likely to be the puhlic U-turns that will be forced on him.

Mr Mitterrande's campaigning for the Socialists is also a way of saying that he will hold his ground. His seven-year term of office does not end until 1988 and there is nothing in the Constitution to force him to resign. He has warned his opponents that he will not remain "inactive." He has epprovingly endorsed Mr Chaban-Delmas comment that it is up to "the President to preside and the government to govern." In the event of disputes he has said that it is the "President who decides."

> **Most humiliating for the President may be the U-turns forced on him**

Historical precedents in France have nonetheless been unfavourable to French presidents who hava tried to stand out against e popular elected Assembly. When Alexandre Millerand in 1924 tried to impose his own presidential regime, the then "cartel of the left" which had a majority in the Assembly, boycotted his choice of Prime Minister.

In tha display of force it was Millerand who was forced to go.

A majority of French public opinion, as reflected in the opinion polls, is nonetheless favourable to President Mitterrand staying on after March. They would also like to see some Socialist ministers remaining in a future government.

One of the misfortunes of the present situetion is that a growing consensus in France on economic and social problems shoul coincide with a period of intense political division.

Argentina's diplomatic move

The recall of Argentina's amhassador to the US, Lucio Garcia del Salar, for "special diplometic duties" in Buenos Aires, is intriguing those looking for improvements in Anglo-Argentine relations, still apparently entrenched over the Falklands.

Del Salar was the Argentine amhassador to the United Netions in 1965 when the General Assemhly approved resolution 2065, calling on both countries to initiate negotiations to find a peaceful solution to the Falklands issue. This was followed by the first round of talks between Britain and Argentina that subsequently foundered on British parliamentary opposition to making too many concessions to Buenos Aires on the islands' future.

During the 1982 Falklands conflict, del Salar was a key diplomatic figure behind the scenes. Having been one of the few to condemn puhlicly the April 2 military invasion, he was then active in co-ordinating civilian and military groups that were in fevour of an early settlement based on a withdrawal of Argentine troops.

In the last days of the fighting, he is understood to have exploited growing divisions within the military as well as the visit to Argentina of Pope John Paul II, to bring about the surrander of Port Stanley as the basis for a future diplomatic settlement.

Since 1983, as ambassador in the US, be has proved an articulate lohbyist for the government of President Raul Alfonsin, who is a close friend.

Switch back

THE REASON British Telecom was so keen to get its hands on Mitel, the Canadian telecommunications company, was to plug into all that sophisticated switehboard technology. Try telling that to Rupert Murdoch.

Murdoch's carefully laid plans for Fortress Wapping included one Mitel switchboard with, it is believed, the capacity to handle 60 calls at once. This is clearly a small fraction of the capacity needed to run four nawspapers.

For the past three days, it has been easier to get past the barbed wire than to get a phone call through to the beleaguered printing plant.

BT engineers have been called on to "do something," though it seems unlikely that there is anything wrong with the equipment. It is just being swamped by the number of calls.

Things have now got so bad that soma journalists are turning their backs on the futuristic electronic news rooms at Wapping and sneaking back to Grays Inn Road—just to find a phone that works.

Men and Matters

"What they need is a good disaster movie — like The Making of Revolution"

Genteel poverty

Bath university seems to have won e Brussels jack-pot with e £1m grant from the EEC to study projects for tackling poverty in Europe.

I suppose every little helps.

Sales sky high

A new way of boosting your product to the skies.

The Trustee Savings Bank in the Channel Islands, and a local airline, Aurigny Air Services, have done e five-year deal so that one of the company's Trislander aircraft can carry the slogan — Go TSB.

They will not fall foul of tha civil aviation regulations, however. The airline has secured the registration letters G-OTSB for the little yellow plane.

The idea was inspired by Aurigny's own success with the registration letters of another of its planes — G-Joey.

It has published a series of children's books about Joey's flying adventures and so far has sold 30,000.

Aurigny says it is ready to re-register more of its fleet of nine aircraft if companies can match available letters to suitable sdvertising slogans.

Commercial art

The dividing line between art and commerce was stretched almost to breaking point in Milan yesterday when Montedison, the leading Italian chemicals group, staged a conference to pay tribute to the late author, Italo Calvino.

The focus of the meating, was not, however, on Calvino's important works, nor on his more recent novels.

Instead, Montedison was praising a little-known translation which the chemical group had commissioned from Calvino. The poem was written hy Raymond Queneau in 1957, and Calvino translated it from the French just before his death last September.

It is entitled "The Song of Polystryrene."

It contains such gems as "The rotund product, I mean polystyrene. Our new-born child, the young polymer."

Pasquale Alfarj, Montedison's director of eultural sponsorship, denied that the group's promotion of this poem has anything to do with the chemical company's manufacture of polystyrene materials. The idea, he said was "to combine science and literature."

Quite how the late Calvino, who was eonsidered by many to be Italy's greatest post-war author, would feel about having his photograph plastered around the Italian press in association with polystyrene is hard to say.

Perhaps he would have chuckled.

Mouse-trap

The Safeway supermarket in Jeddah has now ended a sales promotion after offending Islamic custom by dressing some members of its staff in Disney costumes.

Though Donald Duck escaped unobserved, Mickey Mouse was arrested while handing out sweets to children in the store. Police, who released the arrested worker e few hours later without charge, said his costume was not in keeping with Islamic tradition.

One witness thought that, despite the date, Mickey bad been mistaken for Father Christmas. Celebration of non-Muslim festivals is strictly banned, and "season trees" were confiscated from the shops before Christmas.

Islamie tradition also discourages representation in art or sculpture of living creatures.

Pardon

Sign in the window of an Istanbul restaurant: "Turkish we are, Turkish we eat. Visit us once, you are sure to repeat."

Observer

Economic Viewpoint

Inside EMS, nominal GDP does not just disappear

By Samuel Brittan

IT IS idle to pretend that the subject matter of this article is bound to fascinate every works manager in Leeds or Saarbrucken.

The question of whether UK policy should be determined by the obligations of EMS membership, or by an objective for the growth of demand in money terms (ie Nominal GDP) will affect the movement of interest rates, exchange rates, taxes and Government spending. So some people, at least, need to keep up with it.

The case for Nominal GDP has been staring one in the face ever since the targeted money supply soared, but inflation rapidly declined in Britain from 1980 and in the US from 1982.

One of the arguments for a Nominal GDP objective is that it focuses on objectives—the regulation of total national spending in money terms—rather than on technical means. Thus the Government does not have to commit its prestige to any particular definition of the money supply or view of its velocity trend, and therefore lay itself open to ridicule whenever its technical relationships break down, as they invariably do when used for policy purposes.

By focusing on *aims*, the Nominal GDP approach allows *the Treasury and the Bank* flexibility in their choice of *means*.

The Government is then able to watch as many definitions of the money supply as it likes, add or subtract from their number, or change its view of their desired behaviour, without loss of face. It can fit in other policy instruments, such as fiscal policy, and other indicators such as the exchange rate.

Most important, a Nominal GDP *approach allows macro*-economic policy to focus on a relatively *simple objective* — total spending in money terms. The Government is committed to do what it can to ensure that *total spending rises* fast enough to sustain reasonable growth, combined with low and declining inflation, provided that pay remains in check. It also demonstrates that it is not prepared to finance whatever level of pay settlements emerge from the collective bargaining pipelines and from the confused understanding of labour relations directors.

The Treasury has by no means discouraged me from urging Nominal GDP objectives and using them as a framework for my own analysis.

A Nominal GDP path is now projected in the Budget Day "Red Book."

But the Treasury has never so far been prepared to take the final step and state its Medium Term Financial Strategy in terms of Nominal GDP, and lay down its arms in its energy-wasting battles with City economists over M0 (which could then retire to serve as one worthy foot soldier among many).

Ona reason for its reluctance is an excessive preoccupation with the short-term and national income statistics, which vary erratically on e quarterly basis and are published with a 10-week lag. So long as we are satisfied with the year-on-year trend, it is as Bill Martin—himself an ex-Treasury modeller — pointed out on this paga on January 22, quite possible to derive a "good enough" estimate from published data.

Not only would it be difficult to regulate Nominal GDP on a quarter-to-quarter basis, it would be misguided to try.

In practice, of course, forecast indicators as well as past data will be used. And in contrast to the narrowly technical monetary approach *no information need be thrown away*.

Nevertheless, a Medium Term Financial Strategy based on Nominal GDP is monetarist in flavour if not technique. Inflation is brought under control by stabilising the growth of Money times its Velocity of Circulation, which is equal by definition to Nominal GDP.

The success of any financial strategy depends vitally on expectations (not "rational expectations" just expectations). If wage and price setters believe that tha Government will not have the courage to stick to its previously stated objectives for its own and for national spending, then indeed they are likely to behave in an inflationary way. Tho Government then has to face the dreaded choice between stopping expansion in its tracks and financing inflation. One *can see this dilemma creeping* back in the results of the latest CBI Survey.

It was the political ballyhoo surrounding the last Autumn Statement that convinced me —after many earlier episodes of this kind—that the British politico-economic system lacked the maturity to rely on any purely internal Medium Term Financial Strategy not buttressed by external constraints.

An exchange rate commitment, although not a cast-iron guarantee, would be less exposed to failure of nerve or exposition.

In contrast to a Nominal GDP objective, an exchange rate commitment focuses on the price level directly. To be more *precise: if sterling is tied* to any currency bloc, then British producers' *money costs* will not be able to rise at a *speed* appreciably different from the costs of competitors in that bloc, without them being priced out of both domestic and external markets.

The point about the EMS bloc is that it is dominated by Germany, which has both a low inflation record and which benefits from the expectation that inflation will continue to be low.

As the chart demonstrates, joining the EMS is not the same as a fixed exchange rate against the D-mark. But realignments within the EMS have been few and modest and have to be negotiated multilaterally.

On average, tho D-mark has appreciated by 3 per cent per annum *since* the inception of the EMS in 1979 and the French franc *depreciated by just* over 1 per cent per annum.

The expectational factors in EMS membership are similar to those involved in a credible domestic financial strategy. Knowledge of the difficulty of making parity changes, and of the behaviour of German and other EEC costs, would inhibit wage inflation in Britain before *it got out of hand, and before* it was necessary to slam down *the monetary* brakes.

The French rate of inflation is now less than the British, largely due to the EMS; and the performance of output and employment has been slightly better.

In previous articles, I have tried to dispel the illusions of the more starry-eyed EMS supporters. The Bank of England would *still* need to raise interest ratea when sterling's EMS parity *was threatened*.

If the UK had joined during last year's *sterling* crisis the pound would have been spared both the rise against the D-mark in the middle of last year, about which the CBI complained so bitterly, and the subsequent fall. But sterling would still have participated in the switch-back movements of all EMS currencies against the dollar.

Ideally, the UK would join the EMS, when oil prices had settled down at a new and lower level and the oil factor therefore became less important. But the ideal moment never arrives. Much of tho fall in oil prices predicted by Prof *Meltzer in his* letter published on January 24 has *already occurred, and more* will have occurred before membership can take effect.

As for the rest: any further real depreciation due to still *lower oil prices* would have to be accomplished more by lower UK inflation, and less by exchange rate depreciation, even if maximum use were made of realignments. Bnt this change would be to the good.

Because Germany has a negligible inflation rate, and the average EMS inflation rate is also pretty low, UK Nominal GDP would have to rise more slowly than would otherwise he likely or desirable.

But *because of the more* decisive signals given by a pegged exchange *rate* than by present or likely modes of domestic policy presentation, and because a pegged exchange rate acts directly on wage bargaining in sensitive sectors, I doubt if the result would be detrimental to employment. It would certainly he beneficial for inflation.

My final question is the following: does there remain any scope for conscious Nominal GDP objectives once inside the EMS, or would we have to *follow* some GDP path flowing automatically from membership?

The main mechanisms for maintaining the EMS parity would be monetary and interest rato policy (not intervention or lending, wishful thinkers please note). Thus *there would* be some scope for using fiscal policy to reduce any divergence between actual and desired Nominal GDP. But this is only a short-term expedient. For there is a limit to how far fiscal and monetary policy can diverge, as even the Americans are discovering.

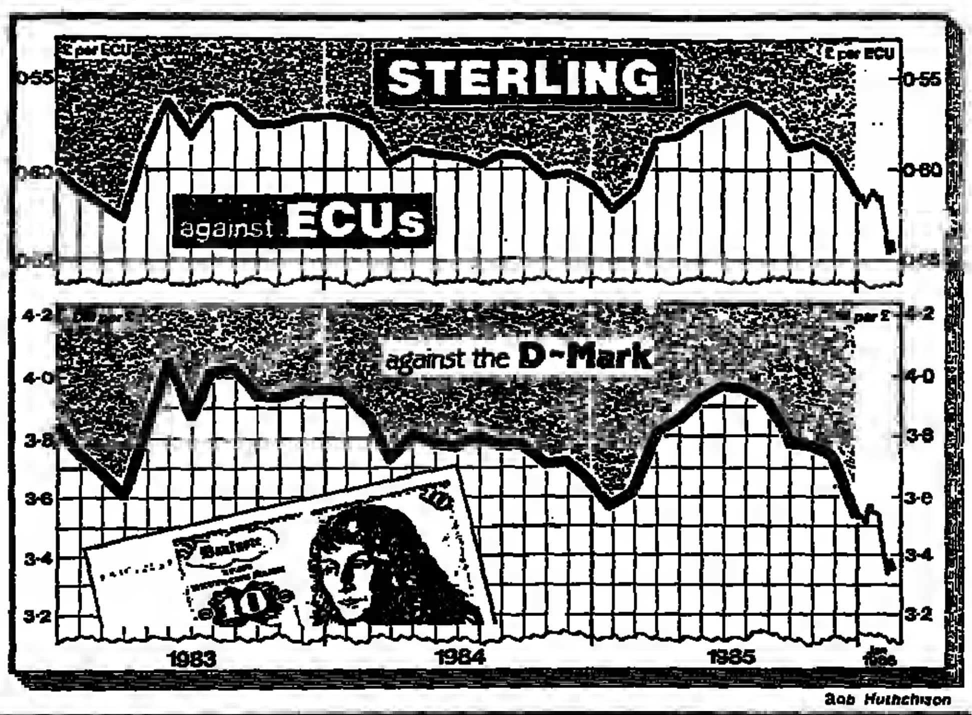
Much more important is the fact that, if every country only has an exchange rate objective and nothing else, the inflation rate is indeterminate.

If the D-mark is the reference currency, then Germany at least needs a demand management policy as well as an exchange rate one. Although that policy could be stated *purely as an in*flation objective, such a formulation needlessly sacrifices a degree of freedom. It is surely more sensible to say that Germany should expand nominal demand more rather than it should plan for higher inflation.

There are unresolved questions. Should the Bundesbank determine its monetary policy in relation to German Nominal GDP or the Nominal GDP of all full EMS members? In default of a theoretical answer, it will look at both.

The pious conclusion would be that all the EMS members together should determine a *collective* monetary, and maybe even fiscal, policy. But not only is this *unlikely*: it would be worse in practice than leaving it to the Bundesbank.

I have two final questions. Why do the "wet" critics of British Thatcherite policies want Britain within the EMS, when tho main result will be a more strongly counter-inflationary policy than anything determined domestically? Second, why do hard-currency EMS members, such as the Germans, want Britain to join when the effect can only be to dilute, however slightly, the anti-inflationary virtue of the whole arrangement?



Rob Hutchison

Lombard

Charity begins at Somerset House

By Michael Prowse

AT LONG last the Thatcher Government is showing signs of appreciating the virtues of the doctrine of "fiscal partiality." A group of *senior ministers* has written to the Treasury (always the last to hear of intellectual revolutions) arguing that personal donations to charities should be tax deductible.

This is a brilliant stratagem. In fact, fiscal partiality requires the deductibility ot almost everything dear to the middle-class heart from private health and education expenses to interest on all personal loans. But stick-in-the-muds unfamiliar with the finer points of economic theory will *always* object to wholesale tax reform. Far better to go slowly and argue first for the deductibility of those items (such as charitable donations) for which support is likely on grounds of general benevolence.

It is surprising that ministers have taken so long to assimilate the doctrine of fiscal partiality *which in the US has been raised* to the status of an art form. The doctrine's *virtues have* long been taken for granted by academic economists. The trouble may have lain in the difficulty of translating their abstract mathematical arguments into English plain enough to be understood by ordinary politicians.

Proponents of fiscal partiality have had to put to rest numerous misconceptions about the purpose of the tax system. Taxes were once regarded as no more than a necessary evil: the undesirable but *unavoidable* concomitant of public expenditure. Nowadays, economists know better: as the Institute for Taxation Studies (ITS) has pointed out, the essential tenet of fiscal partiality is that the tax system should always and everywhere seek to interfere with the decisions of individuals and companies.

Put as bluntly as this, the doctrine tends to attract ill-informed criticism. Surely, some havo argued, people if left to make their own decisions will sometimes get it right: the Inland Revenue should not always seek to introduce a bias. This misses the point. Nobody argues that the private sector, if unaided, always gets it wrong, merely that this is *normally* the case. To back up its mathematical analysis, the ITS points to the number of individuals and companies *now seeking* professional advice—unmistakable evidence of their personal fallibility.

The *simpler and* surely unanswerable justification for fiscal partiality is that it allows politicians to promote those Good Causea that sometimes escape the public's notice. Opera is a case in point. The fact that the public will not pay for it has long been regarded by facile thinkers as evidence that the public does not want it; even worse, as evidence that it is not a Good Cause.

Charitable donations provide a more important example. The level of contributions in the absence of tax deductions is clearly no guide to the amount people actually wish to donate. Every decent person agrees that more should be given to charities—not just to those that do essential humanitarian work in the Third World, but to all those fringe religious sects that have such a hard time.

Even opponents of *fiscal* partiality can surely see the glaring flaw in existing arrangements: unless we go through the palaver of a covenant, when we give to a charity we have to make a sacrifice equal to the resources we transfer. This is carrying individualism and honesty to absurd lengths. The great virtue of tax deductibility, as the *senior ministers* doubtless told the Treasury, is that it would enable us *as individuals* to show more compassion, yet sacrifice less: it would obscure the real economic cost of our actions.

If I wish to promote a Good Cause by the *donation of £100*, only a Scrooge could argue that I *should* find all the cash myself: tax deductibility allows me to draw a £30 contribution from the rest of you (for a given level of public spending all deductions have to be made good by higher taxes elsewhere). With luck, charities will be the thin end of a wedge: once the advantages of fiscal partiality are better understood, the doctrine should prove irresistible.

Letters to the Editor

The supply of money

From Professor I. Pearce

Sir,—"To argue that . . . the growth rate of money GDP should be the basis of policy" writes Professor Michael Beenstock (January 28) "is like saying that to control inflation we must control inflation." How splendidly correct this diagnosis *is!*

Unfortunately, exactly the same may be said of Professor Beenstock's own proposal to "control" M0. The problem is not that we do not know what it *is* we *want* to control. Rather it is that we have forgotten how to do it.

To banish inflation overnight and to *stabilise* foreign exchange rates all that is necessary is to define the unit of money in terms of a basket of *commodities*, like that of the retail price index, and to ensure that anyone who makes a promise to pay (ie creates money) can at any time be required to redeem that promise in commodities. The supply of money would then be determined in the market just like the supply of any other commodity. It would be created whenever it was needed and taken out of circulation as soon as it was not.

No government or central bank control would be necessary, nor, for that matter, any monetary policy.

Anyone who thinks that this solution *is* "politically impossible" or otherwise unattainable, *should* reflect upon the fact that, so far as UK is concerned, the only time during the past 2,000 years that the two conditions above have not been satisfied were between 1520 and 1620, when prices increased sevenfold, between 1760 and 1820, when prices doubled, and from 1900 to the present day, when prices increased 36 fold. At all other times the general level of prices fluctuated mildly around a stable norm. We have today forgotten that to be without a standard of value, convertible *money*, and stable prices is the exception, not the rule.

To restore sanity in today's money markets would involve very little disturbance in present institutions. The revolution, when it comes, as it must, will be more in what we believe than what we do.

(Professor) Ivor Pearce.
Department of Economics,
The University, Southampton.

Some factors cancel out

From Mr K. Wallis

Sir,—I am perplexed by the opening paragraph of Samuel Brittan's "Great oil-sterling trade-off" article on January 27.

A 30 per cent fall in the price of a 5 per cent component of GNP reduces the nominal value of GNP to 98.5 per cent of what it would otherwise be. Inflation, however, will be cut by 1.5 per cent on Mr Brittan's own analysis and the deflator will therefore be only 98.5 per cent of what it would otherwise be.

These factors cancel out and return us to the *commonsense* conclusion that a change in relative *prices only affects* the growth rate of real income to the extent of its impact on the exchange rate.

K. H. Wallis.
30 Ely Place, EC1.

Oil-sterling trade-off

From Mr G. Horton

Sir,—Samuel Brittan's piece on January 27 starts with the claim that, since oil represents 5 per cent of *GDP*. A *30* per cent drop in its price reduces British real *income* by over 1.5 per cent. This is just wrong. There may be a loss to producers of oil (some of which is due to foreigners) but it is offset by the gain to consumers. This can be seen by a few moments consideration of the equally false claim that a 30 per cent rise in building costs would raise British real income by 1.5 per cent because construction is 5 per cent of GDP.

Oil does differ from *construction* because we are substantial net exporters of oil and we will lose some real income because *our* terms of trade worsen. Several other influences are also at work when the oil price falls, notably the accompanying exchange rate depreciation and the rise in world activity and trade, and there is no easy way of sorting out the effects without a large model simulation. The results are highly uncertain but Stephen Powell and I came to the conclusion in our working paper that the likely impact on real *national disposable* income would be less than half of Mr Brittan's estimate. Real GDP, which does not take *the terms* of trade effect into account, would be likely to rise and unemployment to be reduced a little.

Geoff Horton.
DRI Europe,
30 Old Queen Street, SW1.

Samuel Brittan writes: The direct primary welfare loss from a 30 per cent fall in the price of oil is 30 per cent of net oil exports, ie 30 per cent of 2 per cent to 2½ per cent of GNP or between 3/5ths and ¾ of a per cent of GDP. In addition there is the terms of trade loss, involved in replacing lost *export value, which could* easily double the primary effect. I am sorry if my Lombard article gave a different impression. Even Homer nodded.

Changes at the Patent Office

From the Managing Director,
New Product Management

Sir,—The proposed changes at the Patent Office (Technology, January 20) will do little to close the "strategic gap" which exists, in Britain, between the notional valuo of patents and the way they need to be managed to secure monopoly profits.

The Americans and Japanese manage patents within the broader framework of business and marketing objectives; directing their patents to the unique selling feature(s) of their new products. Whereas in Britain, in the main, patenting *considerations* are delegated to a level where technical features *only* are patented; too often on an ad hoc basis, and isolated from marketing requirements.

Inevitably, this has led to the situation where British innovations are overrun by competitors offering alternative technological solutions not covered by the patent. With the end result that British innovators are neglecting patents; which in turn, is exacerbating the problem of uninhibited competition.

Eric T. Parker.
PO Box 22,
63, Lincoln's Inn Fields, WC2.

Voluntary export restraints

From Mr D. Greenaway

Sir,—Mr Calvert of the British Footwear Manufacturers' Federation questions (January 22) aspects of the results of our recent *Trade* Policy Research Centre report. In drawing attention to the problems of differences in the *quality of exports of footwear* from Taiwan to alternative markets he *identifies an important* problem. He did not however, comment on our *efforts* to alleviate this problem.

Hong Kong was selected as a reference point for the simple reason that it is a market which is free of trade distortions. Prior to using Hong Kong data tho product composition of imports into the UK and Hong Kong from Taiwan were compared and found to be strikingly similar.

As we explained in the report there are various reasons why our estimate that voluntary export restraints (VERs) raised the price of footwear *in the UK* by 13 *per* cent was probably an understatement of the actual price raising effect. Mr Calvert's *support for this* supposition is most welcome. He compares 1978 and 1979 unit values of footwear imports from Korea and from the rest of the Far East and finds that these increase by 34 and 38 per cent respectively. As anyone familiar with the economic theory which Mr Calvert derides as "wearsome" and "supposedly relevant' that is precisely what one would expect. The artificial scarcity created by the VERs allows all suppliers to increase their price in the restrained market. Moreover these increases in import unit values are somewhat in excess of the 8 per cent change for manufactured *goods* in general over the same period. Ona must therefore presume that Mr Calvert feels that the VERs were even more restrictiva than our calculations suggested.

David Greenaway.
University of Buckingham,
Buckingham.

Tender loving care

From Mrs C. Russell

Sir,—Surely I'm not the only *person* who hand-washes silk ties. ("Every tie tells a story," Weekend FT January 25).

Retrieving a filthy silk tie from the dustbin recently, which had been discarded by my son who was obviously too embarrassed to take it to the cleaners, I decided to try hand-washing it. After all, there was absolutely nothing to lose—the tie appeared to be ruined anyway.

I soaked, then, very carefully, washed it in cold water, using tho *ordinary* powder I use in my automatic machine. After cold rinsing, then drip-drying it, I pressed the tie under a thick towel, using a steam iron. The result was a tie in pristine condition, and all it had cost was time and a lot of care. I might add that, during the washing process, the water went bright red but the colours didn't run at all.

So my advice is, don't be totally obsessed with "dry clean only" labels. If you've got courage and common sense you can save a fortune in cleaning bills, and you'll enjoy eating soup much more!

(Mrs) Carole Russell.
11 Roseldene,
Hindhead, Surrey.

FINANCIAL TIMES

Thursday January 30 1986

EXPRESS NEWSPAPER GROUP ANNOUNCES RADICAL PLAN TO CUT JOBS

New front in Fleet Street battle

BY RAYMOND SNODDY IN LONDON

THE FLEET STREET revolution reached a new stage yesterday as another British newspaper group outlined a cost-cutting scheme that would have been inconceivable until recently.

United Newspapers announced a plan to cut 2,500 jobs at the Daily Express, Sunday Express and the Star. The first two were the flagships of the Beaverbrook press empire until their sale in 1977 to Trafalgar House, the British property, shipping and construction group. The Star began publication in 1978, and Trafalgar House subsequently floated off the newspapers as a separate company, Fleet Holdings.

The job cuts are part of a package that includes a five-day week for all staff (an increase from 3½ days or four days in many cases) and a document that gives management "the right to manage."

Mr David Stevens, chairman of United Newspapers, emphasised yesterday that the intention was to negotiate with the unions to cut down on the 6,800 people who work for Express Newspapers.

The redundancy plan has been expected since Mr Stevens took over Fleet Holdings for £317m ($444m) in October.

Britain's Labour Party yesterday announced a boycott of all newspapers and journalists associated with Mr Rupert Murdoch's News International, which is publishing its titles despite a strike by the country's leading print unions. Mr Neil Kinnock and Mr Roy Hattersley, Labour's leader and deputy leader, supported the decision by the party's national executive committee. Two journalists from The Times and The Sun, Mr Murdoch's daily newspapers, were subsequently barred from a Labour news conference. But Britain's parliamentary journalists later rejected Mr Kinnock's insistence that News International journalists be barred from his weekly press conferences at Westminster.

The company says it hopes the cuts will come from voluntary redundancies, early retirement for staff older than 50 and no automatic replacement of staff who leave.

A further 500–1,000 jobs might also go after the effects of all staff working a five-day week have been assessed. The aim is to reach agreement with the unions by the end of March.

United believes the speed of change in Fleet Street makes its cost-reduction measures a matter of survival.

Mr Rupert Murdoch's News International has moved its four newspapers The Times, Sunday Times, Sun and News of the World, to a new printing plant in Wapping, east London. The newspapers are being printed by members of EEPTU, the electricians' union, in defiance of a strike by Britain's leading print unions, the National Graphical Association (NGA) and Sogat '82.

Mr Robert Maxwell, whose Mirror Group Newspapers publishes three titles in London, last month achieved a total of 2,100 job cuts in an agreed deal with the print unions.

"I believe it is possible to negotiate this situation sensibly and compassionately," Mr Stevens said yesterday. But it is clear that if agreement is not reached, United management will consider closing down its Fleet Street operations and print elsewhere, possibly under contract.

In return for a five-day week, United says it plans to give its printers a 5 per cent pay rise instead of the 3.5 per cent previously intended.

It is clear that United plans to continue a policy of gradual cost savings and to introduce new technology.

Direct inputting of copy by journalists is also likely to be considered later in the year but is not part of the present negotiations.

The plan will cost United an estimated £40m in redundancy payments and pension improvements.

● Several hundred printing jobs are at risk at Express Newspapers in Manchester because of a threat by News International to cancel its contract to print 2m copies of the News of the World there.

Mr Bruce Matthews, managing director of News International, said yesterday that if Express Newspapers did not print a 48-page paper this weekend the £8m a year contract "will be gone forever."

Any job losses that result from a cancellation of the contract would be in addition to the redundancies already being sought by United Newspapers.

News analysis, Page 7

Fall in $ and oil 'will lift French growth'

By David Housego in Paris

THE FRENCH economy will grow by an additional 1 per cent this year as a result of the decline in oil prices and the fall of the dollar, Mr Laurent Fabius, the French Prime Minister, said yesterday.

His statement, implying real growth in gross national product (GNP) of 2.5 per cent to 3 per cent, is the first official confirmation of the country's substantially improved economic outlook and of the wider range of policy options that the two events have brought. It remains to be seen whether the ruling Socialists can reap the benefit before parliamentary elections in March, or whether the windfall will be gathered up by a successor right-wing administration.

Mr Fabius said that over a full year the fall in oil prices and the decline in the dollar would save France FFr 40bn to FFr 60bn ($5.4bn to $8.1bn) on its trade account mainly because of the reduction in the oil bill. That compares with trade deficits of FFr 24bn in both 1984 and 1985.

He told the Anglo-American Press Association in Paris that the two events would make it possible for France to bring down its inflation rate to 2 per cent by the end of 1986 against a current target of 2.5 per cent.

Officials said afterwards that the revised calculations were based on an oil price of $22 a barrel and of an exchange rate of FFr 7.50 to the dollar.

They said the initial estimates showed a minimum additional boost to GNP of 0.8 per cent. Mr Fabius said the additional expansion would be about 1 per cent.

The administration is still in the process of calculating what the impact will be in terms of higher tax receipts and of the budget deficit. But it is already clear that the new external environment offers the Government or a successor right-wing administration much greater scope in terms of fiscal and wages policy and of higher growth and employment.

The immediate impact of the FFr 40 to FFr 60bn savings on the trade account is to open up the prospect for France of an assured balance of payments surplus. Up to now, the continuing trade deficit – in part a result of France's dependence on imported energy – has been one of the big constraints on a higher pace of economic growth.

The current account of the balance of payments is expected to have registered a small surplus last year. Insee, the official forecasting institute, predicted last month a small trade surplus for the first six months of 1986 on the basis of an oil price of $26 and a dollar at FFr 8.

Mr Fabius said yesterday that the Socialists would use the additional room for manoeuvre to cut inflation further. He said that was the first priority and the second was to encourage investment – by implication through tax cuts for industry.

The emphasis on further bringing down inflation is in part electoral and designed to embarrass the right, which would have difficulty in curtailing inflation to 2 per cent. Government officials believe that the lifting of price controls and the raising of public utility charges – as included in the right's election manifesto – will add at least 2 points to the French inflation rate.

But the net effect of the improved economic outlook will make it easier for the right to cut taxes or reduce the budget deficit. The opposition has promised FFr 40bn of tax cuts for 1987, which under present conditions it would have difficulty in financing without further enlarging the budget deficit.

THE LEX COLUMN

Double trouble at Westland

After all the jig-saw puzzle manoeuvring for large blocks of Westland stock, it was only a matter of time before somebody tried to hoover up the remaining small shareholdings; that it took so long reflects no credit on anybody. It is furthermore characteristic of the whole saga that yesterday's European tender – in which British Aerospace has moved from protagonist to wallflower – fell short of making a full offer for the company, though it is possible that all the pro-European interests together may end up speaking for just over half the ordinary shares.

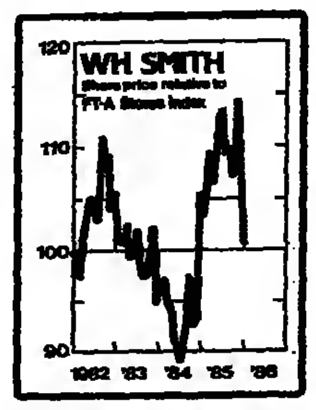
Small shareholders may well find it hard to resist 130p per share, unless they happen to have strong views on defence procurement or Special Relationships. But the consequences for Westland of a full acceptance are completely obscure. So far as anyone can see, if the European tender succeeds, there is no concrete plan for the company's future beyond blockage of the board's reconstruction proposals. And without an alternative, the bankers are all too likely to lose patience with the whole matter.

This is the more worrying, since the Europeans would appear to be in no position to force through any reconstruction plan that they might subsequently put up. Perhaps in the looking glass world of Westland, the Europeans will seek the agreement of their opponents to yet another scheme, to be put to shareholders at yet another extraordinary meeting. Oh dear.

W. H. Smith

The Big Bang at Wapping is causing few reverberations at W. H. Smith, despite losing such an important London wholesale customer to the aptly-named TNT. No doubt, Smith believes that Mr Rupert Murdoch – like Mr Eddie Shah with his provincial distribution – will eventually revert to the tried and tested virtues of a large wholesaling chain; and that once proprietors have their way, daily newspaper wholesaling volume will start making up the steady decline which included another 3 per cent fall in the six months to November. Whether this also involves a series of strikes and a price war that punches through already paper-thin margins, only time will show.

As it is, the 15 per cent improvement in trading profits from the wholesaling business was just one element in a performance that showed all divisions rolling along nicely: pre-tax profits for the six months rose 27 per cent to £21.3m, or a shade less net of disposal profits on the sale and leaseback of do-it-yourself properties. The volume growth of 15 per cent in DIY was particularly encouraging, suggesting that even such a respectable operator as Smith can rough it out with the best of them on out-of-town sites; but Smith is also squeezing the mature space in its retail chain into higher-margin sales. In the US, Smith is crowding hotel foyers with shops at a spectacular rate (and some cost in overheads), but the return is likely to be rapid.



At 270p, up 6p yesterday, Smith is rated at under 15 times prospective earnings – a substantial discount to the stores sector that is not wholly attributable to the wholesaling business.

Union Discount

Union Discount would have enjoyed a marvellous year in 1985 but for the handicap of being a discount house. The company appears to have been nicely profitable in every activity except the trading of bills, where the running return was simply not high enough to match the cost of funds. Since trading bills is to Union what selling food is to Sainsbury, profits collapsed from £7.9m after tax to a fully disclosed, honest-to-goodness figure of £1.1m. Hardly a splendid result for a centenary year which saw Union make its first rights issue, but the wonder in the discount market was that Union had made any money at all.

In common with the other major houses, Union is taking a much more active approach to risk management. At the end of last year it had a bear position in gilts totalling £35m, providing its revenue account with a solid protection against the subsequent rise in short sterling rates. Union has actually made a profit this month, an achievement which a few years ago would have defied all laws of discount market gravity. The use of secondary and derivative instruments to hedge unavoidable exposures in the bill market does not necessarily mean that Union will be as well equipped as Salomon Brothers to cope with the pressures of the new gilt-edged market. But last year's result was scarcely discouraging and the stock market's reaction – it dropped Union's price 6p to 617p – looked just a little overdone.

Guinness/DCL

Poison-pill defences and crown-jewel lock-ups remain anathema to the London market. Not only has it been made crystal clear that options over such heady brands as Pimms and Tanqueray played no part in Guinness's arrival as the white knight for Distillers; the Takeover Panel – in full ermine – has judged that DCL's shouldering of the Guinness expenses was in no way designed to obstruct the original bid from Argyll.

A number of fine distinctions would appear to have been drawn in arriving at this verdict. Argyll, at least, may need help in comprehending the differences. Arguing that the Guinness merger superseded Argyll's offer is perhaps not so far from admitting it was obstructive; and if £20m in underwriting costs is no more than reasonable expenses, then at least their defrayal was no deterrent to Guinness. In any event, shareholders are seeing immediate cash paid out to support a theoretical premium.

Had a new company been formed to acquire both Guinness and DCL, the expenses would not only have been greater, but DCL would undoubtedly have had to take on by far the greater portion as the larger company. The panel then would have had no issue to adjudicate. In the real world, deals are not constructed in the most expensive way possible, but in the cheapest way for the participant with the cards.

Tin crisis foreseen in 1984, LME says

By Stefan Wagstyl in London

THE BANK of England warned the London Metal Exchange (LME) that it was concerned about the tin market 18 months before the tin crisis erupted in October, MPs in London heard yesterday.

Mr Jacques Lion, chairman of the LME board, told the House of Commons Select Committee on Trade and Industry: "In the 18 months before the collapse, the Bank of England was somewhat concerned about it and talked to us about it."

The committee is holding an inquiry into the tin crisis, which arose when the International Tin Council, a price-support pact between tin producer and consumer countries, ran out of money, owing hundreds of millions of pounds to banks and to brokers of the LME, the world's leading metals market.

Mr Lion disclosed the Bank of England's concern when he was being questioned about whether LME brokers should have seen trouble emerging in the tin market and done anything to prevent it.

He said the LME had had "no idea" of the size of the problem. Brokers who had asked the Tin Council about its finances had been "fobbed off" with assurances.

Mr Lion said the LME had rules to prevent manipulation of the market – but they could only be applied to its members (brokers) and not to a client, such as the Tin Council, Mr Lion said. However, Sir Peter Emery, a Conservative member of the select committee, criticised the way the rules had been enforced.

Mr Lion was asked whether the LME, where brokers deal directly with each other as principals, planned to introduce a clearing-house system such as is used in other financial markets to guard against the risks of inter-broker defaults. He said there was "a very strong possibility" that the LME would have to have a clearing house under the terms of the Government's Financial Services Bill.

Meanwhile, the 22 members of the Tin Council, which reconvened in London yesterday, look set to start negotiations with their creditors tomorrow afternoon. They have agreed in principle to negotiate on a broker-banker rescue plan that calls for setting up a new company to take over the ITC's assets and liabilities.

● About 500 Cornish tin miners marched through London yesterday, calling on the Government to provide cash aid for their industry.

Stagnant US productivity puts damper on supply-side hopes

BY STEWART FLEMING IN WASHINGTON

NON-FARM business productivity in the US stagnated in 1985, the Labour Department reported yesterday.

That cast further doubt on the contention of supply-side economists that the boost in capital spending in the early stages of the current economic upswing presaged a reversal of the weak productivity growth that characterised the US economy in the 1970s.

Experts in productivity estimates point out, however, that annual data tend to be heavily influenced by short-term trends in the economy and that it is still too early to draw conclusions about long-term productivity trends.

The data released yesterday is nevertheless discouraging. As well as stagnating for the year as a whole, fourth-quarter business productivity registered its sharpest decline for four years and productivity in the non-farm business sector declined 1.8 per cent.

As a result of the stagnation in productivity, the 3.7 per cent rise in unit labour costs in 1985 was almost equal to the 4 per cent rise in hourly compensation. Some economists are arguing that if productivity trends remain weak in 1986, inflationary wage pressures will be harder to contain.

In 1985, according to the Labour Department, employment costs rose more slowly than at any time in this decade. The department's cost index, which measures wages and benefits in all private industry, increased 4.3 per cent last year, down from 5.2 per cent in 1984.

A Bureau of Labour statistics report concluded this week that first-year wage increases in major collective-bargaining contracts averaged 2.3 per cent last year, and increases for the life of the contracts were 2.7 per cent, the lowest rises since the series began in 1968.

The US Treasury cancelled yesterday's testimony on economic policy by Mr James Baker, the Treasury Secretary, who had been scheduled to appear before the Congressional Joint Economic Committee.

Shareholders back Goldcrest survival plan

By Raymond Snoddy in London

A SURVIVAL plan for Goldcrest Films and Television, the financially troubled UK film company, received the full support of all its shareholders at a meeting yesterday. The plan, which gives the company a tentative toehold in future film production, was backed by the principal shareholders a week ago today.

The main shareholders are Pearson (publishers of the Financial Times) which has a 41.2 per cent stake; the Coal Board Pension Fund; and Electra Investment Trust.

The British film industry has rallied round to support the company, which became a symbol for the renaissance of British film making.

But the financial position is still difficult. It is believed that there will be a write-off of £20m ($28m) on current films – half accounted for by Revolution, about to open this week in the UK. The film overran its £16m budget by £3m and had a disastrous reception in the US market.

In future the production side of Goldcrest activities will be separated from sales and distribution. At the very least they will operate as separate profit centres and possibly become legally discrete entities for tax reasons.

But as Mr Jake Eberts, Goldcrest chief executive, yesterday began planning the move to more modest offices more in keeping with present circumstances, he was relatively optimistic.

News analysis, Page 9

Dublin in cautious shift to indirect taxation

BY HUGH CARNEGY IN DUBLIN

THE IRISH Government yesterday introduced a cautious budget which shifted emphasis from direct to indirect taxation.

Mr Alan Dukes, the Finance Minister, said the measures were intended to continue his efforts to reduce the public debt burden without deflating the economy.

Spending cuts totalling I£55m are to be introduced to help bring down the current budget deficit to I£1.25bn ($1.58bn) or 7.4 per cent of gross national product, in 1986. This compares with a I£1.28bn deficit and an original target for this year of 6.9 per cent of GNP.

The exchequer borrowing requirement is set for I£2bn, or 11.8 per cent of GNP, down by about 1 per cent of GNP from last year.

Mr Dukes scrapped a 1 per cent income levy, cut the highest of three income-tax bands to 58 per cent from 60 per cent and broadened the standard 35 per cent band.

He raised the standard rate of value-added tax (VAT) by 2 percentage points to 25 per cent. It had been cut from 35 per cent in the 1985 budget.

After complaints by hotels and restaurants, however, Mr Dukes reduced VAT on meals to 10 per cent in an effort to improve the country's tourist trade. VAT for a range of labour-intensive service industries such as dry cleaners and cinemas was also cut to 10 per cent.

From April, band and building society deposits will be taxed at source through a 35 per cent withholding tax. Companies may offset this against corporation tax and bona fide non-resident accounts will be exempt.

Tax-relief advantages of life assurance companies are reduced by the imposition of a 15 per cent levy on gross investment income and surplus on realisation of investments.

Tax-based lending schemes under which banks are not liable to corporation tax on interest will be subject immediately to a 12 per cent duty on interest.

Mr Dukes had little to offer industry in the way of incentives. Personal investments in research and development can now be written off against income tax, there will be a reduction in tax on dividends from companies qualifying for special 10 per cent corporation tax rates to encourage more local investment in such companies and the rate of tax on longer-term capital gains is being reduced from 45 per cent to 35 per cent.

UK to cost Nimrod alternatives

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

MR GEORGE YOUNGER, the UK Defence Secretary is expected to ask the Cabinet next week for permission to examine alternatives to the controversial and costly Nimrod early warning aircraft.

The project is thought to have cost £1bn ($1.4bn) already and the aircraft is now three years late entering service, mainly because of cost overruns and technical problems with the complex radar and electronic systems, being developed by GEC Avionics.

Mr Younger is under pressure from the Royal Air Force to examine alternatives since the avionics system falls far short of its requirements. It would prefer to buy the US Boeing airborne warning and control systems (Awacs) aircraft, 18 of which are already in service with Nato.

The Defence Ministry and GEC described a meeting yesterday between Mr Younger and senior company executives as co-operative and cordial.

At the centre of the issues between them is the company's estimate – made before Christmas and rejected by Mr Heseltine, the former Defence Secretary – that it would cost between £345m and £430m and take another three years just to complete development work on the system. The RAF argues that it would then need an additional £300m to £400m to bring the system up to the standards required.

Two main issues emerged from the meeting.

The first is whether the company will be able to produce more acceptable estimates for completion of the development work. There remains great scepticism on this prospect in the Defence Ministry, although the company believes agreement can be reached.

The second is what would happen to GEC's present contract if, as expected, Mr Younger decides to seek approval to cost alternatives to it.

It is understood that at yesterday's meeting GEC said it would produce new proposals for options very soon, but it was not clear whether these would concern the completion of the development work or the continuation of the existing contract – or both. It is estimated that the company is receiving between £5m and £10m a month for current work.

Once he has Cabinet approval, Mr Younger will formally open talks with Boeing, which manufactures Awacs aircraft, as well as with Grumman and Lockheed, which respectively manufacture the smaller E2C Hawkeye in service with the US Navy, and the PC3 Orion which has been proposed for the early warning role. It has been estimated that Britain could buy six Awacs aircraft with the necessary support systems for between £600m and £800m.

The original decision to order Nimrod was taken in 1977, when it was expected that the aircraft would come into service in 1982, well before the Awacs alternative.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	10	50	Edinburgh	C	-1	30	Manila	C	31	88	Rio de J'o	S	35	95
Algiers	F	14	57	Faro	C	18	61	Melbourne	R	34	93	Rome	C	10	50
Amsterdam	R	2	36	Florence	C	0	48	Mexico City	C	10	66	Salzburg	F	4	39
Athens	F	12	54	Frankfurt	F	1	34	Miami	C	13	55	San Francisco	R	16	61
Bahrain	S	19	66	Funchal	F	18	61	Milan	C	1	34	Seoul	R	5	41
Bangkok	S	31	88	Geneva	C	0	32	Montreal	Sn	-18	0	Singapore	F	29	84
Barcelona	R	8	45	Gibraltar	C	15	59	Moscow	C	-1	30	Stockholm	Sn	-1	30
Beirut	C	16	61	Glasgow	F	1	34	Munich	F	-4	25	Strasbourg	F	0	32
Belfast	S	0	32	Guernsey	R	5	41	Nairobi	S	28	82	Sydney	S	26	79
Belgrade	S	6	43	Helsinki	C	-2	28	Naples	F	10	50	Taipei	S	24	75
Berlin	S	2	36	H Kong	S	20	68	Nassau	F	19	66	Tangier	R	14	57
Biarritz	R	7	45	Innsbruck	R	6	43	New Delhi	F	18	64	Tel Aviv	F	17	63
Bombay	S	27	81	Inverness	F	-1	30	New York	F	-5	23	Tenerife	C	17	63
Bordeaux	R	4	39	Islamabad	R	19	66	Nice	R	7	45	Tokyo	C	7	45
Brussels	C	2	36	Istanbul	C	9	48	Nicosia	D	17	63	Toronto	Sn	-10	14
Budapest	D	3	37	Jakarta	R	30	86	Oporto	C	11	52	Tunis	F	14	57
B. Aires	S	24	75	Jersey	Sl	3	37	Oslo	C	-3	27	Valencia	F	12	54
Cairo	S	20	68	Jo'burg	F	26	79	Paris	F	4	39	Venice	C	3	37
Cape Town	S	22	72	Lima	S	27	81	Peking	S	5	41	Vienna	C	0	32
Caracas	–	–	–	Lisbon	F	13	55	Prague	F	-1	30	Warsaw	R	-3	27
Casablanca	C	15	59	London	D	3	37	Reykjavik	R	-7	19	Washington	–	–	–
Chicago	F	-8	18	Los Angeles	C	27	81	Rhodes	F	12	54	Zurich	F	-1	30
Cologne	S	3	37	Luxembourg	Sn	0	22								
Copenhagen	S	2	36	Madrid	F	8	46								
Corfu	R	12	54	Majorca	C	12	54								
Dallas	–	–	–	Malaga	C	14	57								
Dublin	S	1	34	Malta	F	14	57								
Dubrovnik	–	–	–	Manchester	R	2	36								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair H-Hail Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

JOBS COLUMN

How to develop the 'right personal qualities'

BY MICHAEL DIXON

WHAT are big employers increasingly seeking in candidates for higher-ranked work?

The right personal qualities, that's what.

They are clearly more and more valued by recruiters of *experienced managers* and specialists. The evidence is selectors' growing use of tests of personality which is believed to outweigh technical brilliance as a determinant of success in executive work.

Moreover this week's report from the Confederation of British Industry on higher education says recruiters of young management trainees now think the right personal qualities more important than intellectual distinction as measured by academic exams.

But hark! I seem to hear readers calling: "Stop rabbiting on for a minute, and kindly tell us what these right personal *qualities* are." Which embarrasses me a trifle because I am not altogether sure.

Managerial and other eminences seldom tire of producing lists of the said qualities. But whenever I go behind the listed words in search of what actually is meant by "initiative," say, there is never much objective and constant meaning there.

The CBI report I just mentioned makes an above average try at definition by citing examples. They are "ability to communicate both orally and in writing, together with good motivation, potential leadership qualities, breadth of outlook and a positive attitude to *change*." Even those, however, surely fall short of sufficiently objective and constant criteria.

What passes for breadth of outlook varies with the viewpoint of the observer, as does a positive attitude to change with whether one is doing the changing or being changed.

It is not much use saying that personal qualities include potential leadership qualities without establishing what leadership qualities are.

"Good motivation" may seem a less fuzzy concept. But it does not take more than a cursory reflection on one's own experience to show that motivation is something which comes and goes as circumstances change. Even if it can be detected in candidates under interview, it might well disappear once they are on the payroll.

What is more, to specify ability to communicate through whatever medium is to beg several questions including: communicate to whom—the personnel specialist doing the selecting, other future managerial colleagues or the shop- and office-floor? Something which communicates to one type of person may easily befuddle others.

Because of such loose ends I am starting to suspect that what top managers mostly mean when they talk about people with the right personal qualities is people like themselves, which raises another issue. It was well *illustrated by a* comment once made by the distinguished psychologist Hans Eysenck. He said he and all his most expert counterparts put together could not devise a *selection procedure* for the British Civil Service that was better than the present one at recruiting future mandarins who closely resemble those who run the service already. Whether those were the right people to run it, though, was an entirely different question.

Endorsed

My misgivings may of course strike enthusiasts for personal qualities as trivial compared with the fact that the CBI's view on the importance of the qualities has been endorsed by the Committee of Vice-Chancellors and Principals of United Kingdom universities.

While convinced that what industry and commerce primarily need is more "people who have been trained to think," the committee has just conceded that universities should do more to develop students' personal qualities. One example which it cites is the ability to work in a team. What it does not seem to know yet, however, is how the university system is going to develop them.

Here, fortunately, I may be able to point the vice-chancellors and principals to some help. It lies in a book published today* about a fairly recent period *when dominant figures* in education saw its main purpose as the development of youngsters' personal qualities. People preferred another name for them then, using the single word "character."

They were also sure of the best way of developing character. It was compulsory playing of team sports, especially cricket and Rugby Union.

Admittedly, if the university chiefs are to revive those formerly tried *and* trusted means of developing personal qualities, they themselves will need to develop unprecedented powers of persuasion.

The teaching profession will scarcely leap to agree that their most important aim is to produce "modest honours graduates with a high capacity for organised games." As the education system has expanded since 1945, the hearties who ruled the roost beforehand have lost the ascendancy to the swots to the extent that many schools no longer even encourage the playing of team games.

Nor will any revival of the hearty tradition be made easier by the fact its main aim was to develop the sort of characters, whether civil or military, needed to direct the activities of the native peoples of the British Empire. Most present-day students would almost certainly jib at being inculcated with the personal qualities for that kind of job. And they might have a fair point.

Purblind

For a start the self-confidence drilled into the rulers of empire had a tendency to swell into purblind pigheadedness. Take for instance Cecil Earle Tyndale-Biscoe who opened an English-style school in Kashmir and decided that his Brahmin pupils would all play football—oddly enough the Association variety. Since the ball was made of leather, their religion forebade them even to touch it. He nevertheless armed his Christian staff with sticks and forced the pupils into a rough and tumble which must have looked hilarious to a European spectator.

One result was that "the bearded centre forward who first kicked the ball was forbidden to return to, and thus defile, his home. He went to live with relatives."

Even so, the products of today's more swottish tradition are not entirely free of comparable unquestioned beliefs about what is right and the urge to impose them on people willy-nilly. While it is certainly true that some present-day graduates have been "trained to think" as the university chiefs say, others have instead been merely convinced they have been trained to think and so assume that whatever goes on in their heads must be thinking.

The quality of management, as of everything else, could only be improved if teaching practices were reformed to eradicate such convictions, and to substitute the education advocated by Confucius. That is the sort which makes people aware not only of what they do know, *but also of what they do* not know.

The Jobs Column would also favour a return to at least encouraging youngsters to take part in team games. Ability to understand other people depends on sensibly interpreting the information they give about themselves, and most of such information is signalled not by words and numbers but by people's behaviour. Team games, unlike conventional studies, can be a good means of learning those signals.

But if the purpose of the exercise is to be served, the games could not be played exclusively by teams of young people from the same kind of social background as they tended to be under the rule of the hearties. The managers and workers *needed in the future* will have to understand other kinds of people no less well than those like themselves.

* *The Games Ethic and Imperialism, by J. A. Mangan. Viking. £14.95.*

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Career prospects are very attractive for the right candidates and the remuneration package will be competitive and will include the normal banking benefits.

Written application with a *full* curriculum vitae should be sent, in confidence, to:-

The Personnel Manager,
Standard Chartered Merchant Bank Limited,
33-36 Gracechurch Street,
London EC3V 0AX.

Standard Chartered
Standard Chartered Merchant Bank Limited

FOREIGN EXCHANGE DEALERS

Philadelphia National Bank is seeking the following staff to contribute to the expansion in their Corporate and Interbank Trading activities.

SPOT DEALER with a minimum of two years' trading in a major currency in active professional dealing room and with experience in currency arbitrage.

POSITION CLERK with minimum two years' forex back-up experience to train as Foreign Exchange dealer.

The successful applicants will have:
—excellent numeracy and communication skills
—'A' Level Mathematics or equivalent
—effective understanding of back-up systems

A second European language would be a distinct advantage.

Please reply. In strict confidence, with full C.V. to:
David W. Whyte, Personnel Manager, Philadelphia National Bank,
Philadelphia National House, 3 Gracechurch Street, London EC3V 0AD.

Philadelphia National Bank

HARLOW UEDA SAVAGE LIMITED

EXPERIENCED

EURODOLLAR BROKERS

Vacancies exist for up to 2 experienced London Eurodollar and CD brokers. Applicants must have at least 5 years' experience in the market and an established client list. Remuneration will be negotiable according to experience and any discussions will be treated in the strictest confidence. Interested parties should contact David Spong on 01-626 7890 or apply in writing.

D. Spong, Director
HARLOW UEDA SAVAGE LTD
Adelaide House
London Bridge, London EC4R 9EQ

Trade Finance

BUSINESS DEVELOPMENT

We are a successful and profitable Trade Finance Company within an International Trading and Financial Group.

An impressive growth record over the past three years has created the need for a proven business-getter. Reporting to the Managing Director and aged between 25/40 years the selected candidate would join a small team to market a range of trade-related financial services with particular emphasis on the U.K. market. We are committed to high business levels in this area which should offer a busy and rewarding environment for the right executive.

The remuneration package will provide normal major company benefits, together with a performance-related bonus.

Apply in writing with comprehensive c.v. to: Box A0036 Financial Times, 10 Cannon Street, London EC4P 4BY

Better City Connections . . .

Institutional Sales – U.K.

Highly competitive packages

Our client is a leading City stockbroker, highly regarded both for its first-rate research and the standing of its institutional partner.

They actively seek experienced institutional sales executives to augment their well-established U.K. team. Considerable scope and potential for progression will be offered to those able to demonstrate a sound knowledge of the U.K. market and a high degree of success in their careers to date.

European Specialists

One of the City's largest and most forward looking securities firms is expanding their European department. They seek analysts who have already gained experience of the major markets and have basic linguistic ability in relevant languages – French, Swedish and Dutch being principle requirements. The sales team similarly requires experienced professionals to market research to both UK and European institutions: again it is important to have relevant linguistic ability. Attractive remunerative packages are available.

International Fund Manager

Equities/Bonds

A Senior Fund Manager is sought by the investment banking arm of one of the world's major banks. The appointed candidate will hold direct responsibility for globally invested client portfolios as a member of a growing, highly-motivated team. Candidates must have experience in this field, coupled with excellent communicative skills and a high degree of self-motivation.

For the right individual, the rewards will be excellent, both in terms of remuneration and career development. Age range – early 30's.

U.K. Sector Specialists

Excellent remunerative packages

There currently exist several positions with our regular top ranked clients in Sector Analysis and Sales. Fundamental requirements for these appointments are experience in the City with respected financial institutions and thorough knowledge of the relevant sector:

Paper & Packaging • Electronics & Defence • Engineering • Financials • Chemicals & Pharmaceuticals • Retail.

Please contact **Anna Robson** or **Timothy R. Wilkes** at the Investment Division, 39/41 Parker Street, London WC2B 5LH, or telephone 01-404 5751. All replies will be treated in strictest confidence.

MP

Michael Page City

International Recruitment Consultants – London Brussels New York Sydney

A member of the Addison Page PLC group

Sterling Dealer

Kleinwort, Benson Limited requires an experienced STERLING DEALER in his/her mid-twenties. Applicants must have a proven track record in Sterling Inter-Bank Dealing, CDs and other Money Market Instruments. A working knowledge of the Financial Futures Market is preferred but not essential.

The remuneration package will be highly competitive and include mortgage subsidy, BUPA, non-contributory pension and free life assurance.

Please write in confidence enclosing personal and career details to:-
Gareth Hughes, Assistant Manager – Personnel,
Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

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Please reply, Mr. Harris, Walter L. Jacob and Company Ltd., 19 Stratford Place, London W1N 9AF. (01)-493 5022

Project Executives

c£18,000

At present at BACS our corporate aim is to achieve a further 1,000 million direct debiting payments per year by 1990 which we see as a massive professional challenge. We wish to appoint two new Project Executives to take special responsibility for the vigorous management and development of this major market initiative for direct debiting. They will be required to plan, direct and co-ordinate the promotional campaign for our direct debit services working closely with potential customers & their bankers. Applicants will have had a minimum of 10 years experience in Marketing, Sales or Consultancy with major account responsibility and have demonstrated skill both in Direct Marketing and negotiations at highest levels. In return for your major contribution to our continued growth, an attractive remuneration package will include a starting salary c. £18K and the full range of banking benefits.

Please forward your c.v. to Mr. Donald Abbott, Bankers' Automated Clearing Services Limited, De Havilland Road, Edgware, Middlesex, HA8 5QA. Telephone: 01-952 2333.

BACS

Financial Markets

Investor Relations

c.£30,000 + bens

Our clients, the merchant banking arm of a major European House, are seeking a salesman with varied experience of Euromarket instruments. This is a broad sales position with responsibility for developing the bank's institutional investor client base. Knowledge of French equities would be an advantage.

FRN Sales

£ Neg

Our clients, both North American and European Investment Houses, seek experienced sales people with a minimum of one years exposure to the FRN market. Highly attractive salary packages are available for the right candidates.

Bond Sales/Trading

£ Neg

Sales and trading opportunities exist in this major Japanese House. Yen or US $ fixed rate experience is essential and the successful candidate will also preferably have good all round knowledge of Capital Market instruments in different currencies.

For an initial discussion on these and numerous other positions throughout the Capital Markets, please contact Simon Harrison (evenings & weekends – 998 3328) or Louise Gore (evenings & weekends – 888 2140).

CHARTERHOUSE APPOINTMENTS

EUROPE HOUSE • WORLD TRADE CENTRE • LONDON E1 9AA • 01-481 3188

Gilt Dealer

Wood Mackenzie & Co. Ltd., a member of The Stock Exchange, requires an experienced Gilt Dealer. An opportunity will be provided for the successful candidate to move on to sales after 'Big Bang'.

A fully competitive salary including a profit related bonus and benefits package will be offered to the successful candidate.

Please write with full career details to:
Peter Derby, Director,
Wood Mackenzie & Co. Ltd.,
62/63 Threadneedle Street, London EC2R 8HP. Tel: 01-600 3600.

WM

Wood Mackenzie & Co. Ltd.

Member of The Stock Exchange

Fund Management Overseas Equities

£15,000 to £20,000

Located in the City, with a wide range of funds under management, totalling in excess of £5 billion.

We have a substantial involvement in overseas equity markets and our continuing expansion requires us to recruit a high calibre individual to strengthen the international equity team.

As a key member of a small but very successful team, the ability to work alongside others is essential and the successful candidate will either be a graduate or professionally qualified with a minimum of 2 to 3 years experience in a financial institution.

Preference will be given to those with experience in the Far Eastern markets and in particular, Japan.

The position offers exciting prospects and the commencing salary, dependent upon experience, will be within the range of £15,000 to £20,000 per annum.

In additioo, an attractive benefits package is offered which includes:

— non-contributory pension scheme
— preferential mortgage scheme.

Applications in writing, together with a curriculum vitae should be submitted to:

**A.P. Peggie Esq., Investment Administrator,
Eagle Star Insurance Company Limited,
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Liaising directly with wealthy private investors and their financial advisers, the successful candidate will be responsible for handling initial enquiries, providing advice, devising detailed proposals, negotiating deals and subsequently maintaining continuing business relationships.

Applicants, ideally in their early thirtias, must therefore combine highly developed social and communicative skills with broad commercial and financial knowledge, gained by working either in the City or for a firm providing investment advice. Existing knowledge of forestry managament end its tax implications is not required as full training will be provided.

The remuneration package, which is negotiable, will include a performance related bonus.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2354 to G.J. Perkins, Executive Selection Division.

Touche Ross

The Business Partners

Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

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Consultants

Established in 1976 we now operate as a personal group of three consultancies each specializing by market. Through understanding these markets we currently assist clients with assignments at all levels.

Our plan for steady growth includes complimenting existing teams; establishing another specialist consultancy – possibly in the Banking or the Accountancy field; further developing our corporate headhunting activities.

We invite approaches from experienced individuals or teams who can demonstrate success based upoo flair, innovation and a stroog commitment to professionalism.

Please contact F. J. Stephens, 44 Carter Lane, London, EC4V 5BX. Telepbone 01-236 7307.

Kennedy Stephens — *Capital Markets & Options* • Stephens Associates — *Stockbroking and Investment* • Vicky Mann & Associates — *Public Relations and Communications*

Minster Trust

Minster Trust, a subsidiary of Groupe des Assurances Nationales, France's third-largest insurance company, is a long-established issuing house. In addition, it is a licensed deposit taker and is manager of business expansion scheme funds and of Monument Oil and Gas PLC., a North Sea exploration company. It also manages some £200 million of investment funds.

All areas of Minster Trust's activities are in course of development. Minster Trust is now seeking to recruit two executives, one each at senior and junior level. Successful applicants will become involved both to general corporate finance work, aimed primarily at the smaller to medium-sized company, and business expansion scheme work.

The age envisaged for both appointments is 25-38. Successful candidates will have a University degree, accompanied preferably by a professional qualification and, for a senior applicant, appropriate corporate finance experiance. Salary and benefits will be competitive. This is an excellent opportunity to participate in the development of a progressiva organisation.

Write to:
T. C. H. Lyons,
MINSTER TRUST LIMITED,
Minster House, Arthur Street, London, EC4R 9BH.

Opportunity to move to the Japanese Market

Investment Analyst Japanese Equities

Nikko Securities is one of the world's largest International Securities Companies, and we are now seeking an additional qualified and experienced Investment Analyst for our London office.

We are building an independent research team in London to serve our expanding European client base, complementing the resources of our comprehensive research effort in Tokyo.

You should be self-motivated, articulate and have had two or three years' experience of investment analysis within a UK Stockbroker or Institution. Experience of the Japanese market is not essential.

We offer a highly competitive salary and benefits package which will be related to experience and ability.

Written applications, which will be treated in the strictest confidence, should be sent to the Personnel Manager,
Nikko Securities Co., (Europe) Ltd.,
17 Godliman Street, London EC4V 5BD (for an informal and confidential discussion call Peter Roe, Head of Investment Research, on 01-248 9811 Ext. 390).

The Nikko Securities Co., (Europe) Ltd.

Jonathan Wren

Corporate Finance – Executives / Managers

Our Client, a Major Accepting House, seeks to recruit high calibre Graduates to add to its expanding Corporate Finance team. For the junior vacancy, a background in chartered accountancy, or wide ranging financial training is necessary, and for the management position there is an additional requirement for at least two years experience in the Corporate Finance Department, with involvement in mergers/acquisitions, and listings — both full and USM. International M&A experience would be advantageous. Age range 25-35 years. Excellent salary, bonus and prospects exist. **Contact Mark Forrester.**

Ambitious Credit Analysts

£Neg

Due to unprecedented demand, our Clients, mainly Merchant, US and other prominent International Banks, seek experienced Bankers. Applications are therefore sought from candidates who are able to demonstrate a successful track record in Bank and Country appraisals or preferably, Corporate Credit Risk assessment. Many of these opportunities offer progression to Marketing within a reasonable time frame. Age range 25-35 years. **Contact Richard Meredith or David Williams.**

Telephone 01-623 1266
All applications will be treated in strict confidence

SYDNEY — Jonathan Wren — HONG KONG

Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

FTB RECRUITMENT

EUROBONDS: GREEN-FIELD SITUATION

Our client, a leading Europeen merchant bank, has a requirement for a non-$ bond trader.
FTB invite applications from strongly motivated individuals aged between 27 and 35 with a minimum of 3 years' trading experience of either convertible or straight bonds.
This bank can offer a "green field" situation in this area to complement its already dominant presence in the $ denominated arena.
Therefore not only will you have a provable track record but you will also have the ability and desire to build up and motivate a small team.

EUROBONDS SALES

The UK arm of this international house, with both a strong commercial and trust base, is expanding its sales force.
It has recently strengthened its trading operation in both the $ straight and the FRN markets and is now in a position to take on additional sales people.
If you have 1 year to 18 months' experience of either straights, FRNs or multi-currencies, then this is an excellent opportunity. You will be articulate, self-motivated and able to read market trends.
A great advantage with this house is the fact that at present they have a client demand for Euro-securities from their branch offices and as such applicants need not have a large client list of their own.
Remuneration will be by way of salary, company bonus, individual bonus, car and mortgage.

In addition we have a number of openings in Eurobond or multi-currency SALES with many of the major houses. Generally, we are looking for a track record but we do have some openings for 6 months plus experience.
Should you wish to contact FTB to discuss specific opportunities, in this year of change, or generally, then do not hesitate to contact Stephen Dopson on 01-600 1211, or 0206 579551 (evenings and weekends).

FTB RECRUITMENT, 128/129 Cheapside, London EC2. 01-600 1211

Chief executive

Norwich, £30,000 neg, car + excellent benefits

The **NORWICH BUILDING SOCIETY** with 25 branches, assets exceeding £160 million and 73,000 members enjoys a reputation for innovative management and soundly based expansion.

We are now looking for a Chief Executive to take responsibility for the day to day running of all the Society's operations. You will lead the Society into the 1990s formulating and implementing plans to enable it to respond positively to wider legislation. Of particular importance is the continued implementation of an information technology strategy to ensure that the Society remains amongst the technical leaders in the building society world.

You need to be a capable manager with substantial experience in a similar role – perhaps already in a building society, certainly a financial institution: a good team leader with a flair for product and market development and a sound appreciation of the application of modern technology to business.

Terms are for discussion.

Please write enclosing your curriculum vitae and daytime telephone number to Stephen Blaney, Executive Selection Division, Ref. B283.

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10 Bouverie Street
London EC4Y 8AX

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Executive with corporate/merchant banking experience to join president's team
We offer responsibility and the opportunity to make a personal contribution.
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London W1Y 1PA

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Position immediately sought by enthusiastic and committed executive (42) with Japanese connections. Experience of marketing research, publishing, education, European marketing consultancy and recruitment. Widely travelled, highly motivated and works best under pressure. A reliable all-rounder with good inter-personal and presentation skills. Job satisfaction and involvement — vital. Interested?
Please write Box A0035, Financial Times, 10 Cannon St. London EC4P 4BY or Tel: 0603 622920

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To £30,000 + bonus + benefits

We are currently acting on behalf of a prominent financial futures operation in the UK. As the financial futures and related options markets continue to expand, there is an increasing need for a proficient and experienced sales force to service a wide range of clients.

The successful candidates will be in their early to mid twenties and be happy to work as part of a team in an aggressive and fast-moving environment. Experience of sales and research in financial futures will prove a distinct advantage.

Remuneration packages will be commensurate with experience and ability. Excellent career prospects.

Interested applicants should write, enclosing a curriculum vitae, to Victoria Ward Krickic, Michael Page City, 39/41 Parker Street, London WC2B 5LH or telephone her on 01-404 5751 quoting ref. 6463.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Sydney
A member of the Addison Page PLC group

CD/Euronote Trader

The newly formed capital markets division of a major North American bank is currently expanding its trading activities, and now wishes to recruit a Euronote Trader.

Candidates will be in their twenties with a minimum of one year's successful trading experience probably gained in either the CD or other short term negotiable instrument markets. A good understanding of Euronotes would be a distinct advantage as would a knowledge of financial futures. Our client has an interest in applicants who have demonstrated abilities in this highly competitive field.

Remuneration will be commensurate with relative work experience and includes a fully comprehensive benefits package. Interested applicants should contact Sally Poppleton on 01-404 5751 or write to her, enclosing a comprehensive curriculum vitae, quoting ref. 3594, at 39/41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Sydney
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MAJOR EUROPEAN BANK

with extensive worldwide network seeks

CORPORATE DEALER

Forex/Treasury and Related Products

We offer an outstanding opportunity for a young candidate to join a successful team dealing with UK and international corporations and marketing new products related to Foreign Exchange and Treasury, such as Options, etc.
The ideal candidate will be imaginative and self-motivated and will possess a good degree in Economics or related subjects. Previous banking experience would be a distinct advantage.
The successful applicant will be trained in depth as necessary on all relevant products.

OPTIONS DEALER

Money Markets Development:

Currency and Interest Rate Options

Research, development and marketing of these sophisticated products is an increasing and essential part of our commercial strategy. The successful candidate will be in his/her 20s with a good degree in Maths/Economics or related subjects. Previous banking experience would be a distinct advantage; nevertheless, training will be given as necessary should the candidate show strong potential.

Both positions offer excellent career prospects and salaries are negotiable.

Write with full c.v. to: Box A0041, Financial Times
10 Cannon Street, London EC4P 4BY

Entrepreneurial ACA for Banking

City — **up to £25,000**

Our client is the London merchant banking arm of a major international financial services group intent on maintaining and improving its considerable presence in this market, particularly in the UK and Europe.

In line with current expansion plans, they wish to appoint a Corporate Finance Executive as a key member of a dynamic team.

Reporting to the Directors, you will be involved in providing merger and acquisition advice, capital raising of all types and developing and co-ordinating the Department's marketing programme.

Excellent communication and interpersonal skills, considerable drive and enthusiasm, and directorship potential are considered essential personal qualities.

Applications are invited from ambitious graduate ACAs in their mid to late 20s currently working within an international banking or accountancy environment.

Fluency in German or French would be an asset.

To apply, please telephone or write to Shubha Chawla quoting Ref: SC 062.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR.
Telephone: 01-408 1670.

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A minimum of 3 years experience is required. The starting salary would be commensurate with appropriate experience. Successful candidates can expect comprehensive training, challenging work and prospects of promotion to more senior levels. Career development is actively encouraged from within.

In addition to being analytical and creative, candidates should have good inter-personal skills, and be able to demonstrate significant achievements as a systems analyst.

Please write enclosing a full c.v. to Confidential Reply Service, Ref: RGSA 9325, Austin Knight Advertising Limited, London W1A 1DS. Applications are forwarded direct to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

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As a member of the Group Corporate Development team, you will act primarily as a catalyst to operating units to "think forward" (identify weaknesses/spot opportunities). Other services provided by the department include the evaluation of acquisitions, in-depth investigations of options open to certain operating units and assisting the Board in formulating policy and strategy from a group-wide perspective.

The ideal candidate will be a graduate — possibly an MBA — or hold a relevant professional qualification such as ACA. Probably in your late 20's, your industrial or commercial experience to date may be in financial or non-financial disciplines such as marketing, involving numeracy and analytical skills. The ability to establish credibility and rapport with line management to achieve Group objectives is of prime importance.

Salary is negotiable and will reward skills being brought to the role. The position will give a wide insight to the Group's activities and will lead to career progression in the senior management structure.

Please write with CV to
J. D. Maddocks, Staff Manager,
DRG plc, 1 Redcliffe Street,
Bristol BS99 7QY.
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DRG

SENIOR APPOINTMENTS

TRADERS — **£20/35,000**
A minimum of Six Months in the market trading Eurobonds, FRNs, Swaps or $ Straights is necessary to join the Bond house of this major International Bank. Salary and package commensurate with level of experience.

BOND SALES — **circa £30,000**
You will have around a year's experience of selling straights and floaters from a recognised name and will be interested in rapid career development to join our client. A Major International Bank, they seek achievers of the first order.

FUND MANAGERS — **circa £35,000**
We seek individuals with proven track record in either the UK or US Fixed interest markets for our clients, a blue chip Merchant Banking group. They are expanding rapidly and accordingly wish to supplement their highly successful investment team.

MARKETING OFFICERS — **£25/30,000**
To Market the Service Products and Global Custody areas of our client's operation. They seek sound experience of either area from a major International Bank and are prepared to offer the successful candidates challenging career development together with a highly aggressive approach to business.

ALL OF THE ABOVE MENTIONED OPPORTUNITIES CARRY THE USUAL BANKING BENEFITS INCLUDING CAR

FOR FURTHER DETAILS PLEASE TELEPHONE 01-631 5045 OR WRITE TO:

Robert Milne, Crawford Recruitment Services,
Walmer House, 288 Regent Street, London W1R 5HE.

SENIOR BOND DEALER

BAYERISCHE LANDESBANK GIROZENTRALE
one of Germany's largest banks
REQUIRES A FURTHER TRADER
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The successful candidate should be fully experienced in fixed income bond markets and will be required to run substantial positions, dealing mainly in Eurobonds, American and Canadian Treasuries and the UK gilt market. This is a senior position with the opportunity to progress to the management structure of the branch. Salary, whilst negotiable, will be commensurate with experience plus normal fringe benefits.

Please apply in writing to:

The Personnel Manager
BAYERISCHE LANDESBANK GIROZENTRALE
33 King Street, London EC2V 8EE

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

Scope to advance in senior financial management or within the Corporate Strategy Group – U.K., Europe or elsewhere.

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MAJOR EXPANDING EUROPEAN PETROCHEMICAL SUBSIDIARY OF LEADING U.S. OIL CORPORATION

For this appointment, we seek business graduates or an appropriate professional qualification, from candidates, aged 26-30. We require at least three years' in a fast-moving international corporate treasury environment using advanced techniques encompassing financial analysis, cash and credit management. A background in the chemical industry and knowledge of French are desirabla. Heading a small team, the successful candidate will be responsible to the Vice-President, Planning and Control for all treasury activities, FX, banking relationships and *performance plus the total credit and revenue collection* functione. Close liaison with line management and the U.S. treasury is vital with regular overseas travel involved. A capacity to plan creatively, good communication skills and the ability to work under pressure with the minimum of direction and supervision *is essential. Initial salary negotiable £20,000-£22,000, non-contributory pension, life assurance, family medical cover and* assistance with relocation expenses. Applications in strict confidence under reference MTC 105/FT to the Managing Director: ALPS

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CJRA

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MAJOR INTERNATIONAL MERCHANT BANK/STOCKBROKING FIRM

This vacancy calls for analysts in the electronics sector who have acquired a minimum of 18 months practical experience with stockbrokers or an investment house. As part of a team in Tokyo, the successful applicant will acquire a thorough knowledge of the Japanese electronics industry, will visit companies, produce reviews of industry and succinct and conclusive report *recommendations. A good university degree, a highly alert and enquiring mind and the ability to communicate lucidly are key* requirements. A highly attractive salary is negotiable, + free accommodation, non-contributory pension, free life assurance, free medical cover, children's education allowance, assistance with home leave air passages. Applications in strict confidence *under reference AE 17477/FT, will be forwarded unopened to our client unless you list companies to which they should not be* sent in a covering letter marked for the attention of the Security Manager: CJRA

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-638 9216

PLEASE ONLY CONTACT US IF YOU ARE APPLYING FOR ONE OF THE ABOVE POSITIONS. HOWEVER, ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT, PLEASE TELEPHONE: 01-628 7539.

CREDIT OFFICER

Major U.S. Bank has an opening for a well educated (graduate or equivalent) person with 2-3 years experience to work in its corporate credit area in support of the Division responsible for Capital Market products. Candidates, probably mid 20's, will be expected to spend approximately 18 months in a supportive role prior to moving to the Market Division.

FX DEALER

Major European Bank with a significant London dealing operation requires an additional dealer, early-mid 20's, who has 2-3 years FX experience to work in an active environment where achievement is recognised both by early onward advancement plus an individual performance-related bonus. A full range of banking benefits are also available.

NEW ISSUES

This new position with a rapidly expanding European Bank offers a graduate, mid 20's with 12-18 months credit experience, the opportunity to work in the New Issues Dept. in support of the Capital Markets team. The successful applicant will assist with the preparation of credit proposals and review of documentation with an increasing involvement in the work of the Marketing area.

BUSINESS DEV. OFFICER

Leading New York Bank is seeking an additional person, probably 25-33, to join its London based Corporate Group. Candidates must be graduates with a minimum of 2 years experience in a marketing back-up role and some previous involvement in customer calling. The successful applicant will be able to work in a soundly structured division with a well-developed support area.

CHIEF ACCOUNTANT

The newly-opening London Branch of a leading International Bank is seeking a qualified person, probably 30-40, to establish its accounting systems using the KAPITI package. Candidates must have International Banking experience and an innovative approach for this key new appointment. An excellent salary package including a car is being offered to attract a candidate of the required calibre.

SENIOR FORWARD DEALER

This is a new, key appointment within the London Branch of a respected European Bank. Candidates should have five years dealing experience covering most major currencies and also have the ability to supervise junior staff. Whilst it is envisaged that the successful applicant will be aged late 20's, the Bank will place greater emphasis on experience and a candidate's potential to develop beyond this initial position in the near future.

Our current assignments also include ...

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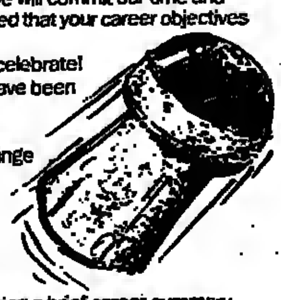

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City Division

Trade Finance

City, c £17,000 plus Benefits Package

Our client is a worldwide trade financing organisation providing a full range of banking services including commodity-linked finance, project finance, portfolio management and money market operations.
The successful applicant will develop trade finance in Europe, Africa and the Middle East, establish and maintain *customer relationships* and *follow through the resulting* transactions.
Candidates will ideally be graduates with a minimum of *three years international banking experience, preferably* within trade finance. Knowledge of a European language would be advantageous.
Male or femala candidates should telephone Anne Weston in confidence for a Personal History Form quoting *Ref: 659/FT.*

01-588 4305

Moorgate Hall, 153/157 Moorgate,
LONDON EC2M 6XB.

Recruitment Consultants

International Project Finance

Key project development role for worldwide contractors

If you combine proven project finance skills with genuine entrepreneurial flair, this is an exceptional opportunity to use your talents in the petro-chem industry.

Humphreys and Glasgow, London-based international contractors and process engineers, are committed to an expansion programme worldwide. This covers on-shore and off-shore projects and demands the expertise of a project finance professional capable of both structuring the *financial needs of projects and also of* identifying business prospects and potential clients. The brief also involves co-ordinating these functions for our associated companies in West Germany and Switzerland, engaged in international civil engineering and construction.

Applicants, who are unlikely to be under 35, should have a proven record of success with an industrial or financial organisation in arranging creative international project finance and have had extensive contact at senior level in financial, business and other institutions. *Willingness to undertake worldwide* travel at short notice is essential.

This is an excellent career opportunity and the successful candidate will play a major part in our future development plans. An attractive salary will be negotiated and a company car provided.

Please send, in strictest confidence, personal and career details, or alternatively telephone:- *Peter Stoner, Recruitment Manager,* Humphreys and Glasgow Limited, Chestergate House, 253 Vauxhall Bridge Road, London SW1V 1HD. Telephone: 01-828 1234.

H&G ENGINEERING THE FUTURE

A SUBSIDIARY OF ENSERCH CORPORATION

DIRECTOR

Marketing Research Consultancy

Financial Services **£30K plus**

Our client is part of a diverse international group. This *Division* consists of a range of complementary companies, the one *in question concentrating on research based* consultancy in those business sectors which are still developing *the use of research or offer growth* opportunities. The Account Director for Financial Services reports to the Managing Director and is one of the four key positions in the Company.

Your career so far will have had a strong marketing element which enables you to advise clieots on the application of research to all aspects of their business plans. Your in-depth *experience in the financial* services sector will give you the accreditation to handle a variety of client business problems, *especially in new and developing* sectors. The ability to maintain the quality of consultancy to existing *clients is as important as the* requirement to identify and win new business. Additionally, you will be expected to play a full role in the management of this particular company, including its 30 staff.

The remuneration and benefits will be negotiable and consisteot with the requirements and status of the position. Meaningful profit sharing arrangements are critical to the Company's philosophy.

Please write to Keith McNeish (quoting reference 543), showing *how you meet the above criteria and* enclosing details of your career to date.

cc&p CC & P International Limited
26/28 Bedford Row, London WC1R 4HP.

CORPORATE DEALERS

Standard Chartered Bank is one of Britain's major international banks, with *gross assets exceeding £26,000 million and* more than 2,000 offices in over 60 countries.

The Bank has an excellent reputation in the treasury field and, due to expansion, is seeking to recruit professional Corporate Dealers to join an already highly successful team in our City-based International Banking Division. *Responsibilities will encompass the* servicing and marketing of both traditional and innovative treasury services to the corporate sector.

Applications are invited from candidates, aged 25-32, *who have at least 2 years'* experience in this field. They should also possess a sound understanding of the foreign exchange and money markets, together with the maturity and ability to advise and develop relationships with major customers.

Remuneration will be highly competitive and will include the usual generous banking *benefits.*

Please apply with comprehensive c.v., to Peter Barnes, Recruitment Officer, U.K. Personnel Services, Standard Chartered Bank, 38 Bishopsgate, London, EC2N 4DE.

Standard Chartered

VP Commercial Banking Department

A major US commercial bank seeks an experienced banking professional to manage its Foreign Based Group, consisting principally of UK subsidiaries of US corporations. *This senior role calls for an individual* -- currently working in a similar role -- with strong leadership skills and the ability to maximise the potential of staff. You will be responsible for coaching and developing a team of five lending professionals by providing guidance in marketing, credit and product knowledge. A role model in the marketplace, you will also handle a number of major account relationships directly.

If you have management experience together with effective communication skills and would like to enjoy an excellent rewards package, please write with a full CV to John Watkinson, Assistant Vice President -- Personnel, *Bank of Boston, 5 Cheapside, London EC2P 2DE.*

1784

BANK OF BOSTON

APPOINTMENTS
appear every
THURSDAY

SENIOR TAX ADVISOR

Oil Industry **Central London**

A vacancy has arisen for a senior advisor within the tax department of Mobil Services Company Ltd. This specialist department provides a complete tax service to all UK Mobil companies, both upstream and downstream, and each member of the department enjoys a considerable degree of individual responsibility.

The successful candidate is likely to be a qualified accountant in their 30's with a specialist knowledge in all aspects of corporation tax and at least 4 years *experience of petroleum revenue tax* compliance and advisory work. A knowledge of VAT and the basic principles of US taxation would be an advantage.

In particular the position involves

- Supervision of PRT compliance work, including responsibility for all related negotiations with the Oil Taxation Office for several oil and gas fields.
- *Advising senior management* on all aspects of CT and PRT planning for reorganisations and other special work, including in the E&P area, farm-ins, unitisations and gas banking schemes.
- Developing, together with Mobil Treasurers, finance and *leasing transactions affecting* both upstream and *downstream* operations.
- Liaison with Mobil's US tax personnel on all matters affecting the UK group.

Apart from the high level of technical ability, experience and innovative skills required, candidates for this senior position should be able to communicate effectively with management.

A competitive salary and a full range of employee benefits will be offered commensurate with this senior position.

Applications, enclosing a *full CV and quoting current* salary will be treated in strict confidence and should be addressed to: P. J. Johnston, Advisor Employee Relations, Mobil Services Company Ltd., Mobil Court, 3 Clements Inn, London WC2A 2EB.

Mobil

Eurobond Sales

Interesting opportunity in an exciting and demanding environment

Citicorp Investment Bank Limited, is expanding its trading and sales activities, and this development has created an *immediate opportunity* to join our successful Eurobond Sales unit.

As a member of a highly professional team based in London, you will have knowledge of the Swiss and Mid European markets, ideally gained in Germany or Switzerland. Fluency in German and English is essential. Ideally you will have a general banking background and some 1 to 2 years' sales experience.

This is an excellent opportunity to join a *successful, expanding unit* and an attractive compensation package will be offered to the successful candidate.

Please write with personal and career details to:
Miss Hanneke C. Frese,
Personnel Officer,
Citicorp Investment Bank Limited,
335 Strand, London WC2R 1LS.

CITICORP

Accountancy Appointments

FINANCIAL CONTROL
Merchant Bank Subsidiary

Central London

c. £23,000 + Car + Banking Benefits

Our client, part of an International Banking Group, provides Financial Services to Commerce and Industry.
An aggressive marketing and acquisition policy has enabled the company to substantially increase turnover during 1985 and forecast further rapid expansion in 1986.

Managing your own team, you will take charge of the financial accounting function for several subsidiaries. Your responsibilities will also develop into control of specific projects, particularly investigation of potential acquisitions.
You will be a qualified accountant, probably in your late 20's or early 30's, with the necessary flair and ambition to benefit from the outstanding prospects within the Group.

Please reply in confidence to Stephen Gardiner quoting reference: H0256.

RADCLIFFE Accountancy Limited *Recruitment Consultants*
240-241, High Holborn, London WC1V 7DN 01-405 0863

FINANCIAL CONTROLLER
c£20,000 + BENEFITS

Our Client, a subsidiary of a Major Multinational Group is based in the City and has extensive interests in the Shipping and Transportation service industry. Current turnover is £50m per annum. The Company is engaging in a major expansion programme and seeks to strengthen its young management team with the addition of a professionally qualified accountant who has proven management skills. This post offers an excellent opportunity for a creative and entrepreneurial professional who has solid experience in financial and management accounting and a familiarity with computerised accounting and operating procedures. Candidates should be between the ages of 30-40 and ACA or ACCA qualified, ideally with experience which would have been gained within a service industry. Exposure to a national and international client base, through travel, is available and an excellent benefits package is offered in addition to the salary quoted above.

In the first instance please forward c.v.'s only (in confidence) to Mr. P. Saunders at the address below, indicating by name any company you would not wish us to approach.

All applications will be acknowledged within one week.

HUNTER TURNER ASSOCIATES LTD. RECRUITMENT CONSULTANTS
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Problem-solving and financial control

The Stock Exchange – one of the world's great financial institutions – is poised to take on the biggest challenge in its long and illustrious history. De-regulation or the "Big Bang" as it has become known, is scheduled to take place on 27th October, 1986, bringing with it exciting changes and new opportunities in this complex and fast-moving environment.

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SALARY TO £17,000 + BENEFITS

This new, challenging and wide-ranging role is right at the sharp end of financial control and administration within an expanding department, which is responsible for the financial settlement of members' bargains in several currencies.

Decisive and with well-developed analytical and computer skills you will be a qualified accountant in your late twenties or early thirties who has already achieved considerable success in a similar commercially focused environment.

Working with a staff of twelve, your key responsibilities will embrace solving complex transactions, resolving unconventional accounting problems and developing computerised accounting systems. In addition, the successful applicant will be familiar with VAT and stamp duty legislation.

In addition to a salary in the region of £17,000, there are attractive benefits normally associated with a large and progressive organisation, including free season ticket within a 60-mile radius, BUPA and non-contributory pension scheme.

Please apply with full C.V., including salary, to: Barbra Coulston, Personnel Officer.

The Stock Exchange
LONDON EC2N 1HP TEL 01-588 2355

Recently Qualified Accountants.....

ACCOUNTING IN A MAJOR INTERNATIONAL BANK

Salary c£17,000 + Bonuses + Benefits Package

Our client is a major international bank with a worldwide network of offices and a comprehensive product range. The Finance Department is undertaking substantial automation and development of its accounting procedures and systems. Recent promotions within the department have now created the following opportunities:

OVERSEAS SECTION.
Responsible for all financial reporting and control of overseas branches and subsidiaries. Providing financial analyses and performance indicators on subsidiary companies and branches, the appointee will also have the opportunity to travel overseas.

FINANCIAL REPORTING.
Responsible for producing financial accounts for divisional and statutory reports, this position will incorporate regular contact with senior management, and is seen as a stepping stone into other areas of financial management.

PROJECT ROLE.
Responsible for the critical review of financial accounting from an operations standpoint. This key position carries responsibility for recommending and implementing systems improvements, with the aim of establishing strong internal controls.

The bank views all of these opportunities as excellent entry points for recently Qualified Accountants making their first move into international banking. They offer career options in a wide range of areas, both in the finance function and the field of business development, planning and operations. Candidates should be graduate Chartered Accountants with up to 1 years' P.Q.E.; committed and ambitious, they must demonstrate the self-confidence to deal at senior levels within the bank. There is a competitive benefits package available, which includes subsidised mortgage, non-contributory pension scheme and annual profit share.

Interested candidates should apply directly to Felicity Hother.

Telephone:-01-588-6644

Anderson, Squires Ltd.
Bank Recruitment Specialists
127 Cheapside, London EC2V 6BU

Anderson, Squires

SEMI-SENIOR AUDIT CLERKS

If you are an Accountant, wishing to transfer articles, to work in the profession in THE THAMES VALLEY, then why not contact me for further details:
Gerald Copley,
FOREST ACCOUNTING,
11-12, Gun Street, Reading.
Tel: (0734) 587272

Financial Controller

Surrey **c£20,000 + car**

Our client is a progressive independent film distribution company based in an attractive Thames-side location. Turnover for 1986 is projected at £7 million and the Company is now planning for substantial growth.

Due to a recent relocation, they are seeking to recruit a head of finance to join their dynamic management team, who will accept responsibility for all accounting, finance, company secretarial and administrative matters. You will also oversee the development of bespoke software for the Company's in-house mini computer as well as handling statutory matters, budget, cash flows, forecasting and all aspects of royalties associated with a film distribution company.

An ACA/ACCA, aged late twenties/mid thirties, you must have had strong commercial exposure and be able to adapt a 'hands-on' approach in your management style.

The salary package is negotiable and if you demonstrate the required level of commitment and capability, career prospects and rewards will be unlimited.

Interested applicants should contact Geoffrey Rutland ACA, ATII, Executive Division, enclosing a comprehensive CV, quoting ref. 302, at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
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Investment Accountant/ Administrator
Major Financial Services Group Portsmouth

Schroder Financial Management provides an integrated and comprehensive range of financial services to individuals, partnerships and private companies. We currently employ over 600 staff based in over 20 locations within the U.K.

The continued growth of the Group has created a need for an Investment Accountant/Administrator to run one of two sections within our Investment Administration Department, based at our Head Office in Portsmouth. Key tasks will include administration of, and accounting for, unit-linked funds; development of computerised investment accounting and administrative systems; and the preparation of management reports and annual accounts.

The ideal candidate will be either an experienced Investment Administrator or a qualified Accountant with at least two years relevant experience in an insurance/financial services environment.

In addition to a competitive salary, we offer a substantial package of benefits which includes a mortgage subsidy, non-contributory pension scheme, and full relocation assistance.

For further details and/or an application form, please write to or telephone:

Mr G M Keeley, Group Personnel Manager, Schroder Financial Management Limited, Enterprise House, Isambard Brunel Road, Portsmouth, Hampshire, PO1 2AW.
Tel: Portsmouth (0705) 827733 Ext. 335.

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FINANCIAL CONTROLLER
PUBLIC RELATIONS

London W.1 **c.£20000 + Car**

Since its formation in 1977, Communications Strategy Limited has made a considerable impact on the world of Public Relations. Their rate of growth has been exceptional and they are now one of Europe's Top Ten PR companies. Few people working within this field are not aware of CSL's international success.

This kind of market presence has been achieved by the creation of innovative and highly inventive PR programmes and activities designed to realise their clients' business objectives.

Now, at the threshold of a new and exciting phase in their development they are seeking to appoint a qualified Financial Controller, aged 28–35. This position carries responsibility for all aspects of financial and management accounting for the company including financial improvement and control of overseas subsidiaries.

In addition, the position will rely heavily on a strong degree of commercial flair in order to play a full and active role in the growth of this progressive company, with a view to an eventual Stock Market listing.

Full C.V.s should be sent to Stuart Rosen, Executive Recruitment Manager quoting reference SR/C611.

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PA To Chairman

Qualified Accountant
Cheltenham, to £20,000, Car

£12Mpa, profitable, a manufacturer and retailer of consumer durables, a success story in their own right, the company is an autonomous subsidiary of a major international plc. Future expansion plans are placing greater emphasis on effective management information and control systems and as a result has created the need for this new senior appointment. Reporting to, and working alongside the Chairman, key accountabilities will be for developing financial and business controls for the company's diversified product range including financial and budgetary planning, cost control, and systems development. Qualified accountants, ideally early 30's–40, should have managed the total accounting function of a medium sized manufacturing business and be capable of influencing colleagues as well as playing a full management role in the company. Commitment, commercial awareness, drive and enthusiasm and self-motivation are all key personal requirements of the successful candidate. Benefits are commensurate with this senior appointment which should lead to a Board appointment.

G. Sable, Ref: 29659/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers plc, St. John's Court, 78 Gartside Street, MANCHESTER, M3 3EL.

ADMINISTRATION/ FINANCE MANAGER
up to £20,000

As manufacturers of home furnishings we are the market leaders in Europe and have a reputation for excellence that is reflected not only by the quality of our products, but by the people we employ.

Due to expansion at the London Sales Office, a vacancy has arisen for an Administration/Finance Manager. The ideal candidate will have an understanding of international business and the ability to develop excellent communications with the company and customers. He/she will be required to control a small but growing office with precision and discipline. Ideally you will be a professionally qualified or part qualified accountant with a good knowledge of German as this position demands frequent contact with our German parent company.

Please write with full career résumé to:- Gabrielle de la Peña,
Bastable Personnel Services, (Recruitment Consultants),
18 Dering Street, London W1R 9AF.
Please state any company to whom you do not wish your application to be forwarded.

Bastable Personnel Services

Financial Planning Manager

London **To £25,000 + Car**

The Client: operates successfully in the office automation sector, marketing a wide range of high tech products in the U.K. and overseas, and generating a turnover in excess of £200 million.

The Role: which reports to the Financial Director, carries responsibility for the provision of a broad range of sophisticated financial information, achieved through a team of sixteen. Strategic planning, investment reviews, acquisition and competitor analysis and budget control will be key features.

The Candidates: should have had significant experience in most of these areas — ideally gained within a large company with a strong marketing orientation — and will have held managerial roles. An accountancy qualification is essential, a degree is preferred, and the age range envisaged is 28-38.

Applications please, quoting Ref. 214/1/F.T. to S. C. Mackay, Charles Barker Management Selection International Limited, 30 Farringdon Street, London EC4A 4EA.

CHARLES BARKER
SELECTION·SEARCH·ADVERTISING

European Consultants

S.W. London based **to £20,000 + car**

Our clients are an international organisation providing highly successful products and services to industry. As individual companies are left with considerable independence, a small high-calibre team is being set up to analyse operations and disseminate effective ideas throughout the Group. The role, therefore, involves reviewing all aspects of the business such as marketing projects, inventory control and product rationalisation. European operations are based in most of the capital cities and will involve about 50% away travel in 2-3 week spells with the opportunity to return home each week-end. Occasional trips to the U.S.A. and Canada are also envisaged. Applicants (male/female) should be Chartered Accountants aged around 30 who have a working knowledge of French and the potential to take on a Controllership role in 2-3 years. Ref: 1620/FT. Send c.v. (with telephone numbers) or write or phone for an application form to R.A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

Accountancy Appointments

Outstanding Accountants

London to £30,000 and a car

Price Waterhouse is a leading ternational business advisory and anagement consultancy. As a result continued growth we need more tstanding ambitious accountants r our London office to work on verse assignments with a wide nge of clients in government, mmerce and industry.

The Price Waterhouse consultancy actice is concerned not only with e development of practical and st effective solutions to business d financial problems, but also with eir successful implementation. ır consultants work closely with their clients to ensure that their recommendations are achievable. They also work alongside consultant colleagues with specialist expertise in computing, manufacturing, human resources, project management or economic services.

If you like the sound of our approach and are:

- a graduate
- aged 28 - 33
- ACA/ACCA/ACMA qualified
- experienced in energy, financial services or retailing

Then we offer:

- demanding stimulating multi-disciplinary assignments
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Please write in confidence, with relevant career and personal details, to: David Prosser quoting MCS/3982 at **Price Waterhouse Management Consultants Southwark Towers 32 London Bridge Street London SE1 9SY**

Price Waterhouse

Finance Manager

S.W. London **£18,000 + car**

Our client is a newly acquired subsidiary of a major US advertising agency, working in a specialised market sector. A recognised leader in its field, it has a rising turnover of some £8 million with strong potential for future growth.

As Finance Manager you will report to the Chairman, and will be responsible for all aspects of financial control.

A key task will be the review and redesign of practical management information systems, particularly with reference to production work-in-progress, utilising micro/mini computers.

This position will appeal to a qualified Accountant, with experience of installing computer systems in a small to medium sized company. Strong interpersonal skills and the ability to communicate accounting information effectively to non-financial executives are essential for this senior level appointment. Age indicator: late 20's – early 30's.

The attractive salary package will be enhanced by generous fringe benefits and interested applicants should contact Geoffrey Rutland ACA, ATII, Executive Division, enclosing a comprehensive C.V., quoting ref. 301, at Michael Page Partnership,
39-41 Parker Street,
London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
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inancial Systems Development Manager

Age 26-32 West London c £22,000 + Car + Bonus

Our client is the sizeable UK subsidiary of a major International group, which has an established reputation for both its high quality products and its growth success. Its latest and largest programme requires the appointment of a Senior Manager to join its central finance team to co-ordinate the Financial Systems Developments resulting from a major investment project. The brief of the position warrants *regular contact with senior levels of management* from all functions and therefore requires an individual seeking a highly visible role supported by strong communication skills.

The technical content of the role will include: the implementation and development of software packages and specifically the introduction of an advanced financial database; responsibility for financial micro-computing developments; the financial interface with major new developments in production, inventory and capital control systems *as part of a Computer Integrated Manufacturing programme; all ad hoc situations arising from the* development programme which require financial input or support.

The systems content of the position will require experience in the development of mainframe and micro-computer accounting systems, either gained in industry or within a Management Consulting role. The more creative and analytical aspects of the role will *require innovation and self-motivation. The successful* candidate will have a recognised accounting qualification, although in exceptional circumstances relevant experience will be considered in isolation.

Promotional possibilities from this highly visible role are very wide, both within the UK or the larger International Group.

Interested individuals should telephone Karen Wilson, BA, ACMA on 01-439 6911 (including evenings), or write enclosing a cv and current salary details to:- Financial Management Selection Ltd., 21 Cork Street, London W1X 1HB.

Financial Management Selection

A superb career move for a business-minded, Ambitious, Entrepreneurial yet disciplined FCA......

Group Financial Director (designate)

South East **circa £33,000 + substantial benefits**

Rarely do opportunities arise for an individual to make an immediate impact on both their own and their employer's future. This is such an opportunity.

With some £140 millions of turnover from three *distinct trading divisions*, our client has built a superb reputation for service and reliability with its customer base. Considerable investment in computerisation and an agreed plan developed by the recently appointed *Chief Executive (who has a major shareholding)*, makes this publicly quoted company an exciting prospect for development and expansion and this has identified the need for a Group Financial Director, (designate).

Reporting to the Chairman and Chief Executive, the successful candidate will be part of a very small central management team which is concerned not only with the monitoring and development of the existing businesses, but also for the Group's further expansion, be it by acquisition or organic growth. The skill and experiance our client seeks is simple and yet demanding.

Aged between 33-40 you will more than likely have a Bachelor's Degree as well as being a Chartered Accountant and will have had a first class training from one of the Country's leading practices before entering into commerce or industry. Acquisition *investigation, group consolidation, detailed cash* forecasting, management information systems and budgetary control, you will treat as second nature, for the central team is no 'ivory tower' – it is a totally *'hands-on' working environment. Candidates whose* experience is within a service or trading environment rather than a manufacturing one, will perhaps find our client's business more easily understood.

Together with an excellent base salary – which will be negotiated with the successful man or woman, a substantial benefits package is also available.

Please telephone for an application form or, better still, send complete career details to: Timothy Read, Moxon Dolphin & Kerby Ltd, 178-202 Great Portland Street, London W1N 5TB, telephone 01-631 4411, quoting reference number 2639. The strictest confidentiality will be maintained.

MOXON DOLPHIN & KERBY LTD EXECUTIVE SEARCH & SELECTION

Divisional Finance Director – f.m.c.g

around £30,000 plus car and benefits

Our clients, already a major force *in their retail sector, are engaged in a* programme of *continuing growth and development*. This Division is a significant part of the public group and the Finance Director will join a young team of experienced managers. Supported by an established finance department, his/her role will be that of a pro-active member of the divisional board, analysing performance, identifying trends and influencing new policies to make a direct contribution to the Division's profitability. Qualified applicants (male/female) *must be able to demonstrate similar* involvement in their *career so far, which should have included experience in* a fast-moving and rapidly changing environment. The age indicator is under 36. Location - Home Counties, Ref. 1621/FT. Write or telephone for an application form or send full details (with telephone numbers and current salary), to R.A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

Financial Director Designate

London £25,000 plus car

Our client is a highly successful British group operating in a specialised sector of the construction industry. This key position has arisen within their international engineering consultancy.

As an active participant in the financial management of the company the job holder will be responsible for providing a *total* accounting service. Specific duties will include the preparation and presentation of financial information, budgeting, forecasting, cash and credit control. There is an urgent requirement to develop the accounting systems and policies.

The nature of the role necessitates an individual with considerable drive and initiative who can demonstrate a practical approach to problem solving. Interpersonal skills are as *important as technical competence.*

Candidates will be qualified accountants, *probably* aged *over* 30, with broad financial expertise and proven management experience.

The group is committed to a policy of growth and is actively seeking to expand its professional engineering services through acquisitions and mergers. The successful applicant can therefore anticipate opportunities for longer term career development within the group.

Please send a detailed CV, quoting reference F/136/G, to Mike Gostick at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

E&W Ernst & Whinney

DEPUTY CHIEF ACCOUNTANT (DESIGNATE) c.£18,000

We plan to have fully computerised our accounting systems in *about 2 years, and as the* installation will coincide with the retirement of the Deputy Chief Accountant, we have decided to appoint another qualified accountant *now*. He, or she, will work specifically on the computerisation project for the first year and gradually take over other duties including administration of the budgetary control system and the full range of management accounting.

Experience of a *computerised system in a* commercial environment is essential and ideally *the successful candidate* will have been involved with designing and installing systems and be *able to anticipate the sort* of problems that may occur. If you can also demonstrate *that you can manage and* get the best out of people, working with a highly competent and very busy team, then you may well be our number one choice.

Excellent conditions include 23 days annual holiday, increasing with service, a contributory pension plan with free Life Assurance, interest free season ticket loan scheme, and a subsidised Staff Luncheon Room.

Send detailed CV including your current *position and salary to* Miss J. W. Collerson, Personnel and Training Manager, The Law Society, 113 Chancery Lane, London WC2A 1PL.

THE LAW SOCIETY

FINANCIAL CONTROLLER

c.£17,500 plus Bonus

COMPANY: The UK Holding Company of a quoted US Group with interests in energy, consultancy and leasing. Small in personnel terms but *managing* assets *of* $100 *million*.

LOCATION: Currently offices are in the West End but there is a possibility of relocation to the Windsor-Maidenhead area within the next 12-18 *months*.

POSITION: Financial Controller reporting to the Chief Executive.

JOB: Covers all areas of financial management and control, including preparation of statutory accounts, *consolidations and budgets*, and preparation of monthly information for submission to United States. A working knowledge of corporatin tax would be an advantage. In addition, the *Company* makes full use of micro-computers and both experience and interest in this area is essential. Experience with Apple III and IBM PC would be a further advantage.

CANDIDATE: A young, recently or newly qualified *Chartered Accountant looking* for a first step out of the profession.

COMPENSATION: c. £17,500 plus bonus, BUPA and life assurance.

APPLICATIONS: In writing with complete CV, including full details of current employment and salary, quoting reference *GDM on the envelope*, in the first instance to our consultants:

DENHAM NASH LIMITED,

22 Ailsa Road, Twickenham, Middlesex TW1 1QW.

Financial Controller

West London c.£25,000 + Car

The Client: a fast growing business within a substantial electronics group, this company manufactures and markets advanced telecommunications/computing products, primarily for tha burgeoning *financial* sector.

The Position: *reporting to tha Chiaf* Executive, the Financial Controller will play a major role in the commercial management of the business, working closely with other disciplines. Ha/she will have specific responsibility for the *design of financial policies*, and for the affective provision of financiel information, achieved through good accounting procedures and tight controls.

The Candidatas: must be qualifiad accountants with substantial exparience within a manufacturing company, *ideally* part of a large group. A commercial perspectiva is essential as is tha ability to manage change effectively. The prefarred aga range is 28-38.

Please apply, quoting Ref: 213/1/FT, to S. C. Mackay, Charles Barker Menagement Selection *International Limited*, 30, Farringdon Street, London EC4A 4EA.

CHARLES BARKER
SELECTION · SEARCH · ADVERTISING

NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered *Accountants to publish a list of those candidates who were successful* in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, March 6, which will also contain several pages of advertisements under the heading *of "Newly Qualified Accountancy Appointments."* The advertising rate will be £41.00 per single column centimetre. Special positions are *available by arrangement at premium rates of* £49.00 *per scc.*

Newly qualified Chartered Accountants are never easy to recruit — don't miss this opportunity!

We will also be including in this feature a

GUIDE TO RECRUITMENT CONSULTANTS

and entries in the Guide will be charged at £60.00 which will include company name, address and telephone number.

For further details please telephone:
LOUISE HUNTER on 01-248 4864
or
TREVOR PUNT on 01-236 9763

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Accountancy Appointments

Accountancy Appointments

Group financial controller

London, to £40,000

C&L

For a long established and nationally known name in the field of publishing and printing renowned for its high professional standards and with a turnover in excess of £150 million. The group is investing heavily in new technology to meet the challenges of the 1990s.

Reporting to the Financial Director you will play a key role in the business assuming full responsibility for the group's financial and management accounting functions. Initially the emphasis will be on the development and implementation of improved management reporting systems but there is also much to be done in extending the function's influence on the bottom line.

A qualified accountant in your mid to late thirties you must have substantial commercial or industrial experience in a controller role although knowledge of the industry is not a prerequisite. You should have extensive experience of developing computerised financial and business control systems. Ambitious and energetic with first class interpersonal skills you will already have made your mark in the financial function.

Résumés including a daytime telephone number to Torrance Smith, Executive Selection Division, Ref. SF451.

Coopers &Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

10 Bouverie Street
London EC4Y 8AX

Do you rate treasury management...

As highly as we do? We see major opportunities for improving our clients' performance and profitability. As the UK's largest and fastest growing firm of financial and management consultants, Coopers & Lybrand Associates brings specialist expertise to the challenge of effective treasury management. Our consultants are helping senior executives in the UK and Europe to review and assess their treasury organisation, operations, information and systems needs in this fast emerging area.

We need a senior professional to strengthen our consulting team in this exacting discipline. A treasurer in your thirties, either running the treasury operations of a medium sized organisation or number two in a larger company, you will almost certainly be a member of the Association of Corporate Treasurers. Add to this qualification a wide technical knowledge of the treasury function and the capacity to implement change in organisations and systems and you could be the person we are looking for.

You will play a wide-ranging role. You might be required to assist with establishing a treasury department, assess the profitability of different treasury functions, design and implement treasury information systems for an international group or advise a client on asset liability policy. Working in this complex environment you'll need technical ability, personality and superlative communication skills to deal with the most senior levels of management.

Based at our London office you can expect a salary of up to £35,000 plus car and the chance of rapid career development. If you think you could meet this challenge, send a full career résumé plus daytime telephone number quoting Ref. F01/24 to Murray MacFarlane, Coopers & Lybrand Associates, Plumtree Court, London EC4A 4HT.

Coopers &Lybrand
For business committed to growth.

Accountant with an edge

We could ask for a highly-motivated, dynamic accountant who has the drive and imagination to run the accounting operation of a major, forward-looking pensions organisation with assets of £1.8bn.

We could say that the individual we want is likely to be a graduate and Chartered Accountant with at least 3 years' post-qualification experience in a relevant environment such as another pension scheme or insurance company.

We might also mention that this post offers a unique challenge for an innovative person who will relish the opportunity of setting up and running a flexible operation which will need to develop with the rapidly changing demands of the organisation.

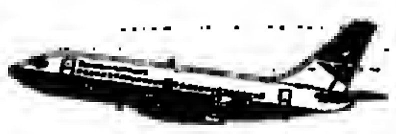
What we *will* say is that we want someone with all this - and more, to provide a full accountancy service covering all aspects of British Airways pensions.

The remuneration package is around £20k plus all the advantages you would expect from 'the world's favourite airline', including favourable holiday travel opportunities, holiday bonus, contributory pension scheme and profit sharing.

IF YOU HAVE THE SPECIAL QUALITIES WE NEED, WE WANT TO MEET YOU - NOW.

Please send full cv to Gillian Fagg, Recruitment and Selection, British Airways PLC, 'Meadowbank', PO Box 59, Hounslow, Middlesex TW5 9QX.

Accounting Manager for BA Pensions Osterley



BRITISH AIRWAYS

The world's favourite airline

Exceptional opportunity with a leading US Financial Institution

Accountant – Gilts

Newly Qualified ACA — **City Based**

Our client is in a prime position to take full advantage of the 'Big Bang' later this year and seeks a commercially minded accountant with the ability to develop a fast stream career in the finance sector. As a member of a management team, initial areas of responsibility will include the development of financial control and systems, which will involve a high degree of sharp end exposure with non-accounting staff.

You will have already established an excellent track record to date within the profession and will now be looking for a move that will enable you to use your drive and initiative to the full. Prospects are excellent and remuneration will reflect the importance of the position.

If you feel you meet these exacting requirements, please contact Hugh Everard, on 01-831 2000 or write to him, enclosing a comprehensive curriculum vitae, quoting L2067, at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

Director of Investor Relations

International Consultancy

Central London

Salary Negotiable

Our client is a member of an international advertising, marketing and public relations *consultancy group with an enviable growth record.* The company is a leader in the field of international *investor relations consultancy and wishes to appoint* a Director to manage and develop its business in this growth area.

Responsibilities will encompass the management of a high-level team of IR consultants working for major UK and overseas companies, direct personal control of selected major clients, business development, budgeting and control systems, the development of new services and personnel recruitment and development.

The successful candidate will be educated to degree level at least, will have several years *experience in investor relations consultancy or, alternatively, in investment banking,* institutional investment or investment analysis and will have a *good understanding of the financial communications* business and a wide range of contacts in the financial *community.*

This appointment is being made at a senior level *and this will be reflected in the remuneration package* which is negotiable and will include a company car *and participation in the company's profit sharing* scheme.

Please apply in confidence, giving comprehensive career, salary and personal details and quoting Ref. ER835 to Brendan Keelan, Executive Selection.

Arthur Young Management Consultants,
Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Manager – Investment Review

Major £multi-million British group

Midlands — **c£20,000 + car**

Our clients are amongst the leaders in their f.m.c.g. market and have an enviable reputation in the City and with the general public. *They now seek to strengthen* the central finance team by the appointment of an *important member who will have regular contact with* executive directors.

Ideally in your early 30s you are likely to be a Chartered Accountant with a business degree. Since qualifying, you will have obtained sophisticated experience with a large group.

Working closely with subsidiary *companies you will provide* executive directors with information necessary to control the group's investment policy. In addition to this you will be involved directly in the implementation of divisional investment proposals.

The career opportunities in this progressive group are *outstanding and the range of benefits – including, if* necessary, relocation assistance to an attractive location – *are comparable with other major employers.*

Please write, enclosing career/salary history and daytime telephone number to David Hogg FCA quoting reference J/379/MF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

Young Financial Analysts

International Financial Services

c£18K package — **Surrey**

Our client is one of the largest British financial organisations deriving two thirds of its income from overseas and offering a wide product range.

They are now looking to strengthen their corporate accounting function by appointing two young *qualified accountants probably in their 20's.*

Key tasks will be the production and interpretation of group accounts including variance analysis *and monitoring of results, provision of financial information to management and external bodies,* contributing towards the development of group reporting and project work. You should display the potential and capacity to undertake other responsibilities in due course.

You should have a minimum of two years' related experience of consolidations and financial accounting generally and be familiar with computerised financial systems.

The benefits package is very competitive and includes mortgage subsidy and season ticket loan. *Career prospects are considered to be very good.*

Please send your C.V. to Philip Bainbridge, Selection Consultant, ref. B.35016.

These appointments are open to men and women.

HAY-MSL Selection and Advertising Limited, 52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL
FINANCIAL SERVICES

ACCOUNTANT FOR SYSTEMS CONSULTANCY

TO £25,000 + CAR
LONDON

This National firm of Chartered Accountants has *developed a highly successful Computer* Consultancy group. The firm's large and diverse *client base offers exciting potential for the group's* expansion.

As a Manager in this group, you will guide clients through the planning, selection and purchase of *computer systems. You will join a young* enthusiastic team of colleagues who work with client staff on implementation.

Probably aged 26 to 35, you will be a qualified accountant with practical experience of micro and mini computers, and accounting software packages. Involvement in consulting activity would be an advantage. Communication skills, energy and commitment are the personal qualities essential for this position.

Please reply in confidence, giving career, personal and salary details to: Martin Lawless, Slade Consulting Group (UK) Limited, 2 Bedford Square, London WC1B 3RA. Tel: 01-580 4786.

Executive Selection Consultants
Melbourne • Sydney • Brisbane • Adelaide • Perth • Auckland • Christchurch

SLADE CONSULTING GROUP (UK)

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

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For further details please telephone:
LOUISE HUNTER
on 01-248 4864
or
TREVOR PUNT
on 01-236 9763

Financial Times
EUROPE'S BUSINESS NEWSPAPER

Accountancy Appointments

CLIENT TRAINING SPECIALIST

International
CAs – London £15,000+

Ernst & Whinney is one of the fastest developing accountancy firms with a continuing commitment to diversified practice growth.

An important new career opportunity can now be offered to an experienced Chartered Accountant in the further development of training services to client companies. Supported by first class professional resources you will design, prepare and present courses and seminars to meet identified client needs. Of key importance will be the generation of original ideas, and the ability to communicate and to consult.

Aged in your mid to late twenties you will need to bring to the position an impressive academic background and experience both of major accounting firm client work and professional training.

Relocation assistance, where appropriate will be provided.

Please write with full c.v. to Barry Compton.

E&W Ernst & Whinney
Accountants, Advisers, Consultants.
Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: 01-928 2000.

INVESTMENT ACCOUNTANT

c. £20,000 + car + benefits

The SUN LIFE Assurance Group is one of the leading life assurance companies in the U.K. with total funds under management in excess of £3.5 billion. We have recently launched a unit trust company and have moved very positively into the segregated fund market.
Our investment organisation in London has been strengthened to take advantage of the growth opportunities for all our investment management services.

The Accountant will take charge of a new department being created in London to carry out investment accounting and will be the Accountant to SUN LIFE Investment Management Services Ltd.

The successful candidate will play a key role in the development of existing and new computer systems.

Applicants should be qualified accountants with good experience of computerised systems and with relevant experience of financial services.

A competitive remuneration package is offered which includes mortgage subsidy, fleet car, profit sharing, non-contributory pension and medical insurance schemes.

Financial assistance will be provided if the successful applicant has to move to the area.

Written applications including a full c.v. should be sent to:-

Mr. R.R. Brooke,
Group Accountant,
SUN LIFE Assurance Society plc,
P.O. Box 290,
Sun Life Court,
St. James Barton,
BRISTOL BS99 7SL.

SUN LIFE
SUN LIFE Assurance Society plc

ABI

Financial Planning Controller

£20,000 +bonus + car — Watford

For Ladbroke Hotels 1985 was a year of rapid expansion which included the acquisition of a major hotel group.

Our plans for 1986 and beyond are equally ambitious – the capital budget for the enhancement of existing hotels and completion of the current building programme is well in excess of £20 million for this year alone, and an almost continuous stream of new projects flow through our business.

We are now looking to recruit a profit minded senior executive to head up the planning control function. The environment is one of controlled but exciting growth and you will be part of the small central executive team reporting to the Finance Director.

The job is very much a hands-on role, and it will not suit a stereotyped accountant nor a think-tank planner. It requires a strong personality and high commercial awareness to be able to participate alongside Directors and General Managers. You will be responsible for the co-ordination of the Division's plans, assessment of results, appraisal of acquisitions and disposals and control of the central budgets.

If you are attracted to the challenge and responsibility and you know you could stand the pace we would like to hear from you. Age range 28–35.

Please send your c.v. including details of your current salary to Martin Gatto, Finance Director, Ladbroke Hotels, PO Box 137, Millbuck House, Clarendon Road, Watford WD1 1DN.

Ladbroke Hotels

A Key Role in Oil Industry Taxation

Total Oil Marine is a substantial North Sea operator committed to an expanding programme of offshore activity. Currently the supplier of around 40% of the UK's natural gas, Total is developing the Alwyn North field scheduled to come on stream by late 1987, as an important new source of both oil and gas for Britain.

Based at its West End HQ, the Corporate Tax Department plays a central role in the development of tax-effective commercial policies and strategies. Growth in the company's activities has resulted in an immediate need for a tax specialist, with oil industry experience, to strengthen this small team.

Reporting directly to the Head of Corporate Tax, you will assist him in providing professional advice to senior management on all tax matters. You will take particular responsibility for the submission of PRT expenditure claims and their negotiation with the Inland Revenue, and be involved in determining Total Oil Marine's liability for corporation tax.

The salary for this important appointment is highly competitive and is likely to attract a qualified accountant, ideally aged between 25-29 with a high level of technical and personal skills. Experience in basic elements of UK oil taxation and PRT is essential, gained either within the oil industry or in the accountancy profession.

Above all, you will be ready to accept the challenge and responsibility of this high-profile role which provides an opportunity to contribute to the continuing success of an expanding and progressive international group.

For a detailed and confidential discussion, contact Paul Goodman at **Financial Selection Services,** Drayton House, Gordon Street, London WC1H 0AN.
Tel: 01-387 5400 (out-of-hours 01-954 5242).

Total Oil Marine
Bringing energy ashore

FINANCIAL CONTROLLER

c.£29,000 + Car + Benefits

Lee Valley is one of the largest statutory water companies, supplying a population of over one million in an area of 860 square miles from the North London Boroughs to rural Essex, Hertfordshire and Bedfordshire. Annual income is just over £20 million.

The Company is seeking a forward looking qualified accountant to be responsible for the entire finance function with a staff of over 50. As a member of a small management team you will be in the top finance position developing new initiatives and meeting the needs of line management and the non-executive Board for high quality financial information. You will be joining the Company at a time of considerable change and therefore new challenges will emerge.

Proven experience of financial management at a senior level, together with a high degree of communicative skills are essential. Financial planning and the development of information technology are high priorities of the post.

Age range 30-45. Location Hatfield, Hertfordshire. Assistance with both relocation expenses and mortgage will be given where appropriate.

Applicants should send a detailed curriculum vitae in confidence to J.F. McGown, General Manager, Lee Valley Water Company, P.O. Box 48, Bishops Rise, Hatfield, Herts AL10 9HL. The closing date is 21st February 1986.

Lee Valley
LEE VALLEY WATER COMPANY

Accountant

BP

... Onshore Oil Exploration & Production

c.£16,000 — Nottinghamshire

Our client is B.P. Petroleum Development Limited. This appointment is an excellent opportunity for a commercially orientated accountant and is based at Eakring, Nottinghamshire, headquarters of onshore exploration and production.

Reporting to the Head of Accounts, you will supervise the service to local and head office management and joint venture partners. The role includes generation of management information, statutory accounts and joint venture billings/reports. Responsibilities include maintaining effective financial and cost accounting systems and contributing to future systems development.

The successful candidate will be a qualified accountant, aged about 30, with at least 5 years post qualification experience, and preferably a graduate. Your career record will show progress to a supervisory role including budget preparation and familiarity with computer systems in a commercial environment, ideally the oil industry.

Benefits include competitive salary, non-contributory pension, relocation assistance and other major company benefits. Career development opportunities are excellent.

Please write – in confidence – to John Lilley ref. B.75405.

This appointment is open to men and women.

HAY-MSL Selection and Advertising Limited,
12th Floor, Centre City Tower, 7 Hill Street, Birmingham B5 4UA.

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL
MANAGEMENT SELECTION

Contracts and Tenders

Kenya Airways

TENDER FOR ADVERTISING

TENDERS ARE INVITED FROM ADVERTISING AGENCIES TO UNDERTAKE:

(a) Media advertising in Kenya and overseas locations;
(b) Production of display materials for use in Kenya and abroad;
(c) Production and/or design work for give-away and promotion items which may be produced locally or overseas; and
(d) Production and/or design materials for use during special events, promotions or exhibitions.

Tender documents may be obtained from London Office, Kenya Airways, 16 Conduit Street, London W1. Tenders in plain sealed envelopes marked "confidential Tender for Advertising" without further indication of the contents should be addressed to The Company Secretary, Kenya Airways, PO Box 19002, Nairobi, or delivered to the Tender Box in the Company Secretary's Office, 3rd Floor, Kenya Airways Headquarters Building, Embakasi, Nairobi, so as to reach him by noon GMT on February 13th, 1986.
Kenya Airways shall not be bound to accept the lowest or any Tender.

K. S. BHULLAR
Company Secretary

Kenya Airways

TENDER NOTICE

RENEWAL OF THE INSURANCE COVERS FOR 1986/87

Tenders are invited for aviation and non-aviation policies and medical insurance scheme for a period 1 April 1986 to 31 March 1987. Tender documents are obtained from London Office, Kenya Airways, 16 Conduit Street, London W1. Tenders in plain sealed envelopes marked "Confidential tender for renewal of insurance covers 1986/87" without further indication of the contents, should be addressed to The Company Secretary, Kenya Airways, PO Box 19002, Nairobi, or delivered to the Tender Box in Company Secretary's Office, 3rd Floor, Headquarters Building, Embakasi, Nairobi, so as to reach him by noon GMT on 13 February 1986.
Kenya Airways shall not be bound to accept the lowest or any Tender.

K. S. BHULLAR
Company Secretary

Company Notices

MORTGAGE BANK OF FINLAND OY

US$15,000,000
8½% 1971-1986
FINAL REDEMPTION

The Holders of the above mentioned Bonds are hereby informed that the amount remaining outstanding after February 15, 1985 i.e. U.S.$1,500,000 is redeemable at par on or after February 15, 1986. Bonds should be presented for payment at the offices of the paying agents set forth in the prospectus and the conditions of the Bonds.
Furthermore it is recalled that the following Bonds, drawn in previous years have not yet been presented for payment:

1981	1985
675 - 676	7441
803 - 809	7580
	7603 - 7613
1984	7773 - 7774
3416	9499 - 9501
3542 - 3549	9799
3564 - 3566	10534 - 10535
5150 - 5151	10757
5219	10829 - 10830
5222 - 5223	10921 - 10922
5285 - 5286	11024
5470	11028
5492 - 5493	11120
5688	11309
5846 - 5855	11335 - 11339

Banque Internationale à Luxembourg
Société Anonyme
Trustee

Luxembourg, January 30, 1986

REGIE NATIONALE DES USINES RENAULT INTERNATIONAL ISSUE OF FF 200.000.000.- 7,25 % 1972/1987

We inform the bondholders that the March 15, 1986 repayment instalment of FF 22.000.000.- has been made by purchase on the market.

Amount outstanding:
FF 60.000.000.-

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
Succursale de Luxembourg
15, Avenue Emile Reuter
LUXEMBOURG

LEUMI INTERNATIONAL INVESTMENTS N.V.

U.S.$60 million
Guaranteed Floating Rate Notes 1990 Extendible at the Holders Option to 1993

The interest rate applicable to the above Notes in respect of the six month period commencing Thursday, 30th January 1986 has been fixed at 8¼% per annum.
The interest amounting to U.S.$41.78 per U.S.$1,000 principal amount of the Notes will be paid on Wednesday, 30th July 1986, against presentation of Coupon No. 8.

BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St., W1. 01-734 0557

Legal Notices

No. 00184 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
WESTBURY HOMES GROUP LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 10th day of January 1986 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account by £2,875,968.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London, WC2, on Monday the 10th day of February 1986.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated the 25th day of January 1986.

FRESHFIELDS,
Grindall House,
25 Newgate Street,
London EC1A 7LH.
Solicitors for the above-named Company.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday January 30 1986

Strong quarter fails to halt Du Pont downturn

BY TERRY DODSWORTH IN NEW YORK

DU PONT, the largest US chemicals producer, registered an overall decline in earnings of 22 per cent last year, as it was hit by lower prices, weak demand and the slide in the dollar. The decline occurred despite a big jump in profits in the final quarter of 1985.

Net income amounted to $1.12bn, or $4.61 a share, against $1.43bn, or $5.93 a share in 1984, while sales slipped by 4 per cent to $29.5bn from $30.6bn.

In the fourth quarter, earnings totalled $377m, or $1.56 a share, compared with $306m, or $1.26 a share, as sales recovered to $7.62bn from $7.46bn.

Mr Edward Jefferson, chairman, said that the group was carefully examing contingency plans in light of the sharp decline in oil prices caused by the current imbalance between crude oil production and demand.

He added, however, that Du Pont was entering 1986 in a "stronger competitive position" following major restructuring charges, and had high expectations for many new products under development.

The impact of the sluggish conditions in the chemicals sector was demonstrated by a fall of 1 per cent in sales volume for the year, while average selling prices fell by 2 per cent, and capacity utilisation from 78 per cent to 76 per cent. After-tax profits in this division fell by 18 per cent.

Last year's results were set back by two large non-recurring charges, associated with the reorganisation of the group. A provision of $120m was set aside for restructuring three businesses and a further $99m for an early-retirement programme.

The negative impact of these provisions was largely offset by $209m of credits. The company had a gain of $79m on the settlement of litigation, and a further $130m reduction in pension costs resulting from the adoption of a new accounting standard.

FCA recovery bolstered by sale of loans in quarter

BY WILLIAM HALL IN NEW YORK

FINANCIAL Corporation of America (FCA), parent of America's biggest savings and loan, which came close to failing in 1984, yesterday reported a fourth-quarter profit of $97m after substantially bolstering its loan-loss reserves.

The latest figures contrast with a $512.1m loss in the fourth quarter of 1984 and underline the steady recovery in the group's financial fortunes which has been greatly helped by the fall in US interest rates during the past 12 months. FCA shares, which had traded as low as $5¼ last year, rose by $⅞ to a 12-month high of $12¾ in early trading yesterday.

FCA's fourth-quarter earnings included a gain of $287.2m from the sale of loans. FCA said the sales were "the result of opportunities we were able to seize in a favourable interest rate environment. The proceeds of the sale have been reinvested in mortgage-backed securities."

The group added $158.4m in loan-loss provisions in the final quarter, boosting its total reserve against loan losses and property to $574.8m.

Mr William Popejoy, who was brought in to head FCA after the resignation of most of the previous senior managers, said the high profits should not be expected in future quarters, "unless the interest rate environment continues to improve". Mr Popejoy also noted that, despite the improvement in the company's financial position, FCA still does not meet the minimum regulatory net worth requirements and what Mr Popejoy considers a prudent capital base.

Despite the loan sales, the group's scheduled items, equivalent to non-performing loans, rose from $1.73bn at end September 1985 to $1.75bn at end December, or 6.38 per cent of total regulatory assets.

For the 12 months to end December 1985, FCA reported a net profit of $53.5m or $1.01 a share, compared with a net loss of $590.5m, or $15.53 a share.

The group noted it had also been able to continue to reduce its reliance on volatile institutional deposits which, at the end of 1983, made up 55.43 per cent of its deposit base. At the end of 1985 the proportion was down to 25.07 per cent.

At the end of 1985 FCA had a regulatory net worth of $229.7m

US units hold back Imasco

By Robert Gibbens in Montreal

IMASCO, the Canadian tobacco products, fast-food and retailing group in which BAT Industries of Britain has a major interest, has reported lower-than-expected results in the third quarter. It blamed the downturn on problems with its major US drug stores operations.

In the first nine months ended December 31 net profit was C$210.3m (US$146m) or C$1.93 a share against C$182.9m or C$1.78 a year earlier, on net revenues of C$3.7bn against C$2.7bn. Average shares outstanding were 108.9m against 102.4m.

Third-quarter earnings, were C$75.8m or 70 cents a share against C$68.9m or 67 cents on net revenues of C$1.1bn against C$1bn.

Mr Paul Pare, chairman, said Peoples Drug Stores in the US faced strong competition

Crocker moves out of the red

By Our New York Staff

CROCKER National, US subsidiary of Britain's Midland Bank, reported net income of $38m for 1985, after posting earnings of $10m in its final quarter.

Mr Frank Cahouet, chairman, said the group had substantially strengthened its balance sheet and the quality of its earnings. In 1984 it lost $324m.

Net interest income rose by 10 per cent in 1985 to $719m. Provision for loan losses fell from $527m in 1984 to $110m in 1985. Other operating income fell by 31 per cent to $227m, and operating expenses fell by 1 per cent to $776m.

Assets shrank by 14 per cent to $19.2bn in 1985. Primary capital ratio improved from 6.33 per cent to 78.21 per cent during the year.

CIBC plans Swiss float

By John Wicks in Zurich

CANADIAN Imperial Bank of Commerce (CIBC) plans to float its shares on Swiss stock exchanges.

Mr R. Donald Fullerton, chairman, president and chief executive officer, said the listing of common stock in Zurich, Geneva and Basle would form part of the bank's strategy to expand the currently small foreign ownership of its capital.

Royal Bank of Canada yesterday became the first Canadian bank to list its shares on the three main Swiss bourses.

Flotation will value Wellcome at £1bn

BY LUCY KELLAWAY IN LONDON

SHARES in Wellcome, the largest private company ever to be floated on the London Stock Exchange, go on sale on Friday at 120p each, placing a value on the pharmaceutical group of just over £1bn ($1.4bn).

Wellcome is wholly owned by the Wellcome Trust, a charity, which is selling 168m shares to raise £195m, reducing its stake in the group to 75 per cent. The company itself is selling a further 42.8m shares, raising £45m.

The prospectus, which will be published tomorrow, displays a more lenient approach towards multiple applicants than other recent flotations, and gives no indication that stags will be turned away. Multiple applicants in the Laura Ashley issue were automatically discarded, while anybody caught stagging the British Telecom or Cable and Wireless issues ran the risk of prosecution.

The share price was well below the level discussed when the flotation was announced last May. Since then Wellcome's prospects have been damaged by the fall in the dollar, as the bulk of its profits come from the US. The company has also suffered the resignations of two senior managers, losing in the last month Mr William Sullivan, the head of its US subsidiary, Burroughs Wellcome, and Dr Pedro Cuatrecasas.

The group has expanded rapidly in the last five years, with turnover rising from £500m to reach £1bn in the year to August 1985, while pre-tax profit has risen from £50.2m in 1981 to £121.7m last year. One of its most successful drugs in recent years has been Zovirax.

The shares are being floated on a historic price-earnings multiple of 16. There is a forecast dividend of 2.97p, to yield 2.47 per cent on the offer price. The application list opens on 7 February and dealings begin on 14 February.

Under the terms of tha offer, no investor will be allocated more than 2.5 per cent of the company's equity, and up to 10 per cent of the issue will go to employees.

Unilever recruits top executive from rival

BY TONY JACKSON IN LONDON

UNILEVER, the Anglo-Dutch consumer products group, has brought in a senior executive from a rival company, Johnson & Johnson, to head its US toiletries division. The move follows a sharp decline in Unilever's market share in recent years.

The new head of the toiletries division, Mr Wayne Nelson, was previously Johnson & Johnson's corporate vice-president in charge of personal care products, and a member of the group's four-man executive committee. He replaces Mr Art Onger, who has left Unilever.

It is unusual for Unilever to appoint outsiders to such senior positions. However, the personal care business is alone among the three divisions of Lever Brothers, the group's main US subsidiary, to have performed badly recently.

The particular weakness has been in the important toothpaste market, where Colgate's introduction of pump dispensers a year ago took market share from both Unilever and Procter & Gamble. Procter now appears almost to have recovered its position, but Unilever still lags despite its introduction of pump packs late last year.

US analysts suggest that Unilever's share is now as low as 12 per cent, little more than half that of the late 1970s. Unilever confirmed that its market share had suffered, saying "the pressure has been very great, and there has been enormous activity from both Procter & Gamble and Colgate."

This performance is in marked contrast to Lever's food products and detergents divisions. The group's share in US margarine has moved rapidly from a position of weakness to market leadership, partly as the result of the acquisition of the Shedd margarine business from Beatrice two years ago.

Marsh & McLennan well ahead

BY OUR FINANCIAL STAFF

MARSH & MCLENNAN, the world's largest insurance broker, ended 1985 on a strong vote by lifting fourth-quarter net earnings from $26.6m or 73 cents a share to $36.7m or $1.00.

This took earnings for 1985 to $163m or $4.46 a share, compared with $59m or $1.62 in 1984 when the company was hit by a $110m pre-tax charge as a result of unauthorised bond trading by employees.

Revenues in 1985 were $1.37bn, up from $1.11bn a year earlier, with $361.7m ($282.8m) coming in the fourth quarter. The 1985 earnings are broadly in line with Wall Street estimates.

Earnings up 41% at Philip Morris

By Our New York Staff

PHILIP MORRIS, the US tobacco giant which took over General Foods for $5.8bn last autumn, yesterday reported fourth-quarter net income of $283m compared with a depressed $105m in the final quarter of 1984 when the group wrote off $146m on an Ohio brewery.

Revenues in the latest quarter jumped by $2bn to $53bn primarily as a result of the inclusion of General Foods' results from November 1.

After the 1.4 per cent drop in 1984 net income, Philip Morris's earnings rebounded strongly in 1985, with net income rising by 41 per cent to a new peak of $1.26bn, or $10.47 a share. In 1984 the group earned $7.24 a share.

Most of Philip Morris's industrial operations were sold last July boosting the group's net income by $38m, or 32 cents a share, in 1985. By contrast, 1984 net income was depressed by the Ohio brewery write-off, which was the equivalent of $1.19 a share.

The company's capital spending totalled $347m in 1985. It said it expected capital spending during the five years to 1990 to total $3.6bn. About $775m will be spent in the current year.

The General Foods acquisition increased Philip Morris's outstanding debt by $5bn. This was initially financed through a four-year bank facility and other short-term floating-rate borrowings. Since then, more than half the new borrowings have been refinanced with domestic and international fixed-rate debt ranging in maturity from three to 12 years and carrying an annual cost of about 9¾ per cent.

Sharp fall at Phillips Petroleum

By Our Financial Staff

PHILLIPS Petroleum, the big integrated oil concern which last year fought off takeover attempts by Mr T. Boone Pickens and Mr Carl Icahn, yesterday reported final net earnings almost halved to $418m or $1.44 a share in 1985, against $810m or $1.75 a year earlier.

Fourth-quarter profits dropped from $169m or 37 cents a share to $95m or 39 cents on reduced shares outstanding, but all the figures are heavily distorted by special factors.

Net earnings from continuing operations dropped from $837m or $1.81 a share in 1984, to $596m or $2.07. The 1985 figure includes pre-tax charges of $21m from early retirement programmes and $295m from the write-down of assets, plus a $496m gain from the sale of assets.

However, it excludes a $7m loss from discontinued operations and a loss of $171m on the disposal of mineral operations. Revenues edged up from $15.7bn to $15.8bn in 1985, but slipped from $4bn to $3.91bn in the fourth quarter.

Matsushita to build French audio factory

By Carla Rapoport in Tokyo

MATSUSHITA, Japan's largest consumer electronics manufacturer, said yesterday it planned to build an audio equipment plant in France next year. The exact location and size of the investment has not been decided.

The company, makers of the Panasonic, Technics and National brand electronic goods, said the new plant would initially produce 3,000 audio tuners a month, perhaps expanding its line to compact disc players in the future.

The decision on the plant location is awaiting approval from the French Government, according to Matsushita.

Matsushita produces 14 per cent of its output outside Japan, but it hopes to boost that figure to 25 per cent by 1990. Matsushita also plans to expand its worldwide audio equipment sales from $1.25bn last year to $1.5bn during the next three years. It said overseas production of audio equipment would be increased from 25 per cent to 30 per cent of total output in the period.

Siemens plans to boost capital as year-end profits rise 43%

BY RUPERT CORNWELL IN BONN

SIEMENS, the leading West German computer and electrical group yesterday reported a rise of more than 43 per cent in group net profits for its financial year to September 30. The company also plans to seek shareholders' approval for future capital increases totalling up to DM 800m ($338m).

Net earnings in 1984-85 at Siemens, which has already announced its intention to raise its dividend to DM 12 per DM 50 nominal share from DM 10 in 1983-84, rose from DM 1.07bn to DM 1.53bn.

Taking into account an increase in eligible capital during the period from DM 2.21bn to DM 2.39bn, the total payment to shareholders will rise to DM 573m from DM 442m in the year to September 30 1984. The traditional allocation to reserves will also be stepped up, to DM 572m from DM 363m.

Siemens's supervisory board gave no clue as to the precise timing of any capital operation. However, the company's annual meeting on March 20 will be asked to approve a three-part increase in nominal authorised capital of DM 800m.

The bulk of this DM 500m will cover new shares to which ordinary shareholders can subscribe, to be issued by March 1991. A further DM 150m will cover fresh stock reserved for Siemens employees, while a similar sum will cover one or more tranches of convertible bonds, to be floated by a foreign financial subsidiary of the group.

The facility will be open to the board for five years, and the conversion terms will be linked to Siemens' average share price in the 10 days preceding the issue of the bonds.

Group lifts bid offer for Kaiser

By Our New York Staff

AN INVESTOR group led by Mr J. A. Frates, an Oklahoma businessman, has raised the stakes in its battle for Kaiser Aluminum, the California -based aluminium group, with a $21.50 a share bid against its previous offer of $20 a share.

The revised bid, which has a face value of $942m, follows an earlier move by the Frates group to oust the current Kaiser management through a proxy contest for shareholder support. The Frates interests already own around 18.6 per cent of Kaiser, which recently responded to the challenge with the announcement of a wide-ranging reorganisation aimed at raising new capital and "maximising shareholder value."

The new offer includes $8 in cash, with the balance in debentures and preferred stock, along with common shares in the recapitalised company, which would provide stockholders with a continuing equity participation in the group.

The revised terms differ from the original bid in giving existing shareholders the possibility of remaining participants in the company. Under the original offer, shareholders were offered $7 in cash and $13 in securities.

Boliden to seek full takeover of Ahlsell

BY DAVID BROWN IN STOCKHOLM

BOLIDEN, the Swedish mining, minerals and trading company, is bidding SKr 980m ($129m) for the two thirds of Ahlsell, a mixed trading and industrial company, which it does not already own.

Boliden, which holds 35.2 per cent of Ahlsell shares equal to 25.9 per cent of the votes has offered a package consisting of convertible notes and cash for the remaining stock, representing a 30 per cent premium to current market value.

It said yesterday the package had already been accepted by a consortium of Ahlsell's major shareholders who control a further 55 per cent of the votes. Ahlsell's board has recommended the bid.

Mr John Dahlfors, Boliden's managing director, said the deal will "create a strong industrial group with broad expertise" – it will have total annual sales of more than SKr 12bn – although it has been noted that the two companies' operations apparently have little in common.

Boliden is primarily a producer of raw materials, while Ahlsell is active in a wide range of light industries.

Boliden said co-operation possibilities exist in such areas as materials production for the electronics industry, in the two groups' domestic and international trading operations and in the contracting sector.

The merger will cut Boliden's current dependence on metal and mineral prices which are subject to cyclical shifts, Mr Dahlfors added.

The deal will also dilute the power of the group's largest single shareholder, the Forsingest Investment Group (controlled by Mr Gustav Douglas) which now controls some 20 per cent of the votes in Boliden, although Mr Dahlfors denied that defensive considerations played a role in the group's decision.

Late last year, Boliden bought a 30 per cent stake in Forsingest in what was widely seen as a management attempt to discourage a possible takeover bid by the investment group.

Boliden said it was in discussions with AEG of West Germany and Alfa Laval – both members of the Ahlsell ownership consortium – which could lead to the two companies' participation in some form in the new Boliden-Ahlsell group.

Following the SKr 164m purchase of the consortium's shareholding, Boliden will control 44 per cent of the Ahlsell shares and 71 per cent of the votes.

It will offer two convertible notes in Boliden, each with a nominal value of SKr 55 (four of which may be exchanged for one Boliden share) plus SKr 30 in cash for the remaining Ahlsell share, worth a total of SKr 725m.

Holders of existing Ahlsell convertibles will have a choice between one Boliden convertible and SKr 43 in cash, or SKr 150 in cash worth a total of SKr 90m.

Earnings slip at French oil group

By Paul Betts in Paris

ELF AQUITAINE, the big French state-controlled oil group, yesterday reported lower earnings of FFr 5.2bn ($706m) last year, compared with FFr 6.5bn in 1984.

Consolidated group sales rose to FFr 180bn last year from FFr 177.4bn in 1984. Cash flow declined to FFr 19.5bn in 1985 from FFr 21.7bn the year before.

The French group invested heavily in 1985, however, with total investments rising to FFr 27.5bn from FFr 19.8bn the year before.

The lower 1985 earnings include the cost of Elf's settlement with Sir James Goldsmith's Basic subsidiary in a dispute over oil exploration in Guatemala. The earnings were also dampened by a special French government levy on domestic oil and gas producers.

Mr Mirbel Pecqueur, Elf's chairman, described the 1985 earnings as satisfactory in a difficult oil industry environment. The company produced 17.25m tonnes of oil last year

Buitoni hits break-even on higher revenue

By Alan Friedman in Milan

BUITONI, the Italian foods company acquired last February by Mr Carlo de Benedetti, said yesterday it had broken even in 1985, against a 1984 loss of L47.7bn ($29.4m).

The result was struck on Buitoni group turnover of L1,180bn, up 14 per cent on 1984 revenues.

The Perugia-based maker of pasta and chocolates also said yesterday it would ask shareholders to approve an increase in share capital, to be achieved by a rights issue which will raise almost L44bn. Shareholders would be offered 8.7m ordinary and 5.9m non-voting savings shares on the basis of one share for every eight already held. The shares would be priced at L3,000 each, with a L1,000 premium included in the price.

INTL. COMPANIES & FINANCE

Allis-Chalmers returns to black

BY OUR FINANCIAL STAFF

ALLIS-CHALMERS, the financially troubled US process equipment group, has registered its first quarterly profit – $511,000 – since 1981. This compares with a 1984 fourth-quarter loss of $217.6m. The latest figure is equal to a per share loss of 9 cents after payment of preferred dividends and compares with $15.44 in 1984.

The group, which sold its farm machinery unit last May for $132m and terminated a $170m pension plan in a big financial restructuring, is still deep in the red, however, registering a net deficit of $168.4m or $12.27 a share, for the whole of 1985, against a loss of $260.9m, or $19.26 a share, for 1984.

The results for the whole of 1985 include a loss of $53.5m or $9.14 a share from discontinued operations, offset in part by an extraordinary gain of $11m, equal to 76 cents a share.

Sales for the whole of 1985 improved slightly, from $872.5m to $886.1m.

N. American quarterlies, Page 37

Chevron income edges forward

By Our New York Staff

CHEVRON, the fourth biggest US oil company, has reported a 1 per cent rise in its 1985 net income to $1.55bn, or $4.52 a share, and said that while it had expected oil prices to decline in 1986 it viewed with concern the recent sharp drop.

Mr George Keller, Chevron's chairman, said: "Operationally, 1985 was a difficult year, with sluggish demand for petroleum products and declining crude oil prices. While refining and marketing margins improved relative to last year, largely due to higher gasoline prices, exploratioo and production earnings were reduced by significant demand and price declines for natural gas and by lower prices for crude oil."

The group's 1985 earnings were boosted by $390m of gains on asset sales, primarily interests in the Bluebell-Altamont oil fields in eastern Utah and the South Belridge-Hill 19 property in southern California. These were partly offset by $288m of write-offs in 1985 to "recognise the impairment of certain assets." In the fourth quarter the group wrote off $169m of surplus tankers and oilfield equipment.

Mr Keller says that in one important area Chevron put up a very strong performance in 1985. It reduced its total debt by $6.1bn, taking its debt reduction programme well ahead of schedule. At the end of 1985 Chevron's ratio of debt to equity was 38 per cent against 51 per cent at the end of 1984. The group plans to reduce the ratio to 25 per cent to 30 per cent by 1989.

Proceeds from assets sales accounted for roughly $3.9bn of the debt reduction.

Allied-Signal sees heavy write-downs

ALLIED-SIGNAL, the US industrial conglomerate, expects to take 1985 fourth-quarter write-downs of between $600m and $700m resulting in a loss for the period and the year, Mr Edward Hennessy, chairman and chief executive, has warned, AP-DJ reports.

The loss was larger than forecast and results from special charges related to the company's early retirement programme, the spin-off of the Henley group and the company's restructuring plan.

Allied-Signal was created by the merger in September of the Allied Corporation, based in Morristown, New Jersey, and the former Signal Companies of La Jolla, California. Around 30 units are being spun off to form the Henley group.

INTERNATIONAL COMPANIES and FINANCE

Jordan lifts curbs on Arab investment

By Rami G. Khouri in Amman

JORDAN HAS lifted virtually all previous curbs on domestic investments by other Arab nationals, in an attempt to attract private capital inflows in order to offset a decline in official aid receipts.

The Cabinet has decided to grant all other Arab nationals the same rights, privileges and protections as Jordanians, when investing in industry, agriculture, tourism, services, transport, education, health or property. Arab nationals may also freely trade in Jordanian company shares, central bank bonds, and property.

The only restrictions to remain in force are a 49 per cent maximum shareholding for non-Jordanian Arabs in companies in retail trade, banking and finance, and insurance. The new regulations also allow Arab nationals free movement of capital and profits in and out of the country.

Previously, non-Jordanian Arabs had to secure special Government approval for direct investments in the country, a cumbersome and time-consuming process which discouraged many potential investors. The new regulations are expected to attract private Arab capital into joint venture projects.

It is difficult, however, to gauge the amount of capital that might flow into Jordan, given that most of the Arab world is in a three-year-old recession brought on by the decline of the international oil market, domestic overcapacity in many economic sectors, and the Gulf war.

Officials say they expect "a positive but not uncontrollable rush of Arab investments."

Arab investors have for years been asking the Jordanian Government to make this move, but the Government had always declined. It feared that a rush of private Arab capital into Jordan during the boom years of the late 1970s would have caused a market overvaluation.

Brazilian banks boost earnings

BY ANN CHARTERS IN SAO PAULO

BRAZIL's two largest private banking conglomerates, Bradesco and Itau, and the semi-private Banco do Brasil reported sharply higher profits for 1985 due primarily to increased volume of deposits and financial operations.

The improved performance also reflects a string of bank failures last year, which shook confidence in the banking system and pushed depositors towards the larger institutions.

Tho Bradesco group, Brazil's largest financial conglomerate headed by Banco Brasileiro de Descontos, reported earnings after tax of 2,660bn cruzeiros, equivalent to $254m at a year-end exchange rate, assets totalled $9.9bn. Measured in cruzeiros after discounting inflation net profits were 84 per cent higher than in 1984 while assets grew 15 per cent. Before tax, earnings rose 25 per cent over the previous year to $383m.

Itau, the second largest financial conglomerate, reported 1985 consolidated earnings of $133m, up 33 per cent in real terms over 1984. Assets grew to $5.94bn, a real increase of 17 per cent, after discounting last year's inflation of 234 per cent. Operating results before tax increased 11 per cent in real terms to $263m.

Itau attributed last year's results to increased loan volume due to the pick up in the economy, increased deposits due to real salary increases for a large segment of the population, and a higher than anticipated rate of inflation which translated into more activity in financial markets. Banco Itau ended the year with nearly 1,000 branches with plans to open another 229 during 1986.

Banco do Brasil, the largest quasi-public sector bank, reported earnings after tax of $814m, a nominal increase of 367.5 per cent over 1984. Assets totalled $35.9bn, an increase without discounting inflation.

Carlton Paper achieves rise

By Jim Jones in Johannesburg

CARLTON PAPER, the South African paper tissue converter which is jointly controlled by Kimberley-Clark and the Gencor group, partially overcame the problem of increasing costs in 1985 by combining a sustained marketing drive with improved productivity and the use of alternative raw materials.

Turnover rose by one-fifth last year to R177.9m ($77.5m) and operating income increased by 17.4 per cent to R18.84m. An increased interest bill, which resulted from the higher borrowings needed to finance new capital equipment, led to an increase of only 8.3 per cent in pre-tax profit to R14.56m.

Earnings per share increased to 53.0 cents from 48.5 cents and the total dividend was raised to 30 cents from 28 cents.

Setback for Saudi bank

By Finn Barre in Riyadh

NATIONAL COMMERCIAL Bank, Saudi Arabia's largest bank, suffered an 80 per cent drop in net profits to 99.6m riyals ($109m) for the year to September 14.

Although operating income rose 5 per cent to 4.9bn riyals, the bank increased its unspecified provisions from 425m riyals to 691m riyals. Total capital and reserves of the bank — which is owned by the Bin Mahfouz and Kakki families, and ranks among the world's largest private banks — remained at some 3.2bn riyals.

Deposits fell 3 per cent to 49.9bn riyals.

Profits decline at OFS mines

BY KENNETH MARSTON, MINING EDITOR

REDUCED net profits for the December quarter were announced yesterday by three of the four Orange Free State gold mines in South Africa's Anglo American Corporation group pending thoir proposed merger.

The setback was as a result of a fall in tax-offsetting capital expenditure.

Only President Steyn comes out with an increased net profit for the quarter. It amounts to R40m (£12.4m or $17.4m compared with R34.2m in the previous three months, and reflects a higher average gold price received of R27,412 per kg against R22,338 in the September quarter.

Profits of the other mines have increased at pre-tax level in line with the higher domestic gold price, but sharply increased tax has left them lower at net level.

President Brand, with o net profit of R68m against R74.9m in the previous three months also reflects the absence on the latest occasion of a half-yearly dividend from Welkom Gold Mining.

Of the other mines, Free State Geduld's net profit has fallen to R38.5m from R48m, partly because of reduced production, while a particularly sharp increase in tax liability leaves Western Holdings with o net profit of R78.3m against R81.7m.

● Against a background of continued earnings growth the Australian gold-producing North Kalgurli is declaring a maiden dividend of 2 cents. Operating profits for the half-year to end-December have risen to A$4.36m (£2.2m or US$3.1m) from A$1m a year ago. The total for the year to last June was A$5.45m.

Gold output during the period at the wholly-owned Fimiston mine in Western Australia amounted to 40,210 ounces while the company's 43 per cent share of that at the Mt Percy project at Kalgoorlie was 4,043 oz. The average gold price realised was A$484 per oz.

In mid-December North Kalgurli completed a A$20m gold barter deal with Mocatta International Corporation based on 41,480 oz of gold.

Foreign banks win Taiwan concessions

BY ROBERT KING IN TAIPEI

FOREIGN BANKS operating in Taiwan appear to have won two rounds out of three in their fight to secure access to lending facilities previously reserved for domestic institutions. But their attempt to secure a role in subsidised lending on imports of so-called "strategic" basic commodities has stalled.

The Government has agreed in principle to allow foreign banks each to open a second branch in Kaohsiung, the principal city in the island's southern region, and the centre of a major manufacturing area there.

The bankers had long argued for a second branch, saying they were losing opportunities for new business with companies located in the south.

The measure approving the new branch openings, which for financial reasons will probably involve only the larger of Taiwan's 31 foreign banks, now goes to the Prime Minister. Finance Ministry officials say approval should follow in the next two months.

A second measure long sought by bankers, permission to undertake foreign exchange business with companies located in Taiwan's export processing zones, also seems headed for approval. Such approval would fulfil a pledge given by representatives of Taiwan's unofficial Co-ordinating Council for North American Affairs to their counterparts at the American Institute in Taiwan during trade negotiations late last year.

Officials say, however, that there has been no further discussion of a proposal to give foreign banks access to strategic import lending, and that the matter appears dead for the time being. The Government designed the current programme, under which local banks fund the purchase of basic materials such as coal and iron ore, using subsidised credits from the central bank to stabilise prices.

Pennzoil unit pulls out of Thai venture

By Boonsong k'Thana in Bangkok

DUVAL, the minerals offshoot of Pennzoil of the US, has pulled out of one of Thailand's big potash exploration and production projects.

It has informed the Thai authorities that it has surrendered its 35 per cent stake in the US$350m US-Australian-Thai joint venture to explore for and produce potash over a 3.5 sq km concession in the north-east of the country.

Duval said it "had reluctantly to withdraw," and that the decision was made on financial grounds.

The group has agreed to transfer its 35 per cent share in the concession to its Australian partner, CRA Exploration, which already has 35 per cent ownership and thus will become the majority shareholder in the project.

The other two partners in the joint venture, Thai Potash Company, are Siam Cement Company, one of Thailand's largest diversified conglomerates which has a 20 per cent interest, and the Thai Government, which received a 10 per cent free holding when the concession was granted to the consortium in September 1984.

Duval is seeking approval from the Thai Government for the share transfer.

Thai Potash Company last year began a US$3m five-year exploration programme for potash a raw material for production of chemical fertiliser. It is obliged to invest a minimum of $120m if production reaches 500,000 tonnes a year. This rises in steps to $350m if annual production reaches 2m tonnes.

● A Texas state court judge has denied a Texaco motion to have Judge Solomon Cassed taken off Pennzoil's $11.1bn case against the US oil major before he decides any further issues. Texaco sought to have the judge removed on procedural grounds. Its representatives have suggested that he issued rulings and jury instructions which were prejudicial to the company. A jury found last November that Texaco had improperly interfered with e merger pact between Pennzoil and Getty Oil.

JAPANESE COMPANY RESULTS

NEC
COMPUTERS, SEMICONDUCTORS

Half-year to	Sept 85 Y	Sept '84 Y
Revenues (bn)	1,137	1,032
Pre-tax profits (bn)	69.72	49.54
Net profits (bn)	22.96	29.83
Net per share	16.89	21.77

CONSOLIDATED

TRIO-KENWOOD
AUDIO EQUIPMENT

27½ weeks to	Nov '85 Y	Year to Nov '84 Y
Revenues (bn)	55	98
Pre-tax profits (bn)	1.41	2.04
Net profits (bn)	0.54	0.71
Net per share	0.95	15.60
Dividend	2.86	5

PARENT COMPANY

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE JANUARY 24, 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	10.155	0.049	12.260	10.017
Canadian Dollar	11.572	0.260	13.190	11.074
Euroguilder	6.178	1.345	7.790	6.084
Euro Currency Unit	9.443	−0.850	10.330	9.190
Sterling	11.933	1.437	11.932	10.770
Deutschemark	6.813	0.015	7.830	6.802

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Eurobond investors on the sidelines

BY MAGGIE URRY

EUROBOND INVESTORS are still waiting on the sidelines showing little interest in buying bonds. Though the Japanese discount rate cut helped sentiment, prices of Eurodollar bonds were only slightly firmer and trading was confined to professionals.

New issue managers believe that the type of deals most likely to attract demand are longer-dated non-callable issuee from top quality sovereign and supra-national names. Two such issues were launched yesterday, Italy camo for $150m and Eurofima, the European railway rolling stock financing group, for $100m. Both issuos are for 10 years and came et similar yield margins over US Treasury bonds of about 30 basis points.

Bankers Trust set terms for Italy's deal at a 9½ per cent coupon and 99¾ issue price. Eurofima's issue, led by Merrill Lynch, has a 9½ per cent coupon and 100¼ issue price. Both pay fees of 2 per cent.

While traders generally reckoned the Eurofima pricing was fair and it was trading just inside the fees, setting the terms for Italy'o deal was a tricky job following the borrower's first fixed-rate deal launched two weeks ago. That five-year issue had been aggressively priced et a margin of around 20 basis points over US Treasury yields and has since traded at a spread of more than 50 basis points.

Although the spread on this ooe was larger and the maturity more in demand, rival syndicate managers still regarded the pricing as tight. However, the syndicate will be kept fairly small, and therefore easier to cootrol, and the lead manager is committed to holding the issue at the same spread.

In the floater market Barclays Bank increased its perpetual issuo from $500m to $750m to meet strong demand. It continued to trade at 99.90 bid, well inside the 20 basis point commissions.

Swiss Bank Corporation has taken up the structure designed by Morgan Stanley for e warrant issue connected to an outstanding bond. Through SBC Finance, the bank has issued 150,000 income warrants which will pay interest of $1.40 and $1.60 in the first two years respectively. After that they will be exercisable into a 1990 10½ per cent bond at par.

SBC has e $250m issue outstanding on those terms which is callable in 1988 at 101, which is trading ebove 104. The warrants' issue price was not disclosed and the deal was not syndicated. SBCI, the lead manager, was quoting them at $25 to $30.

Also adopting a warrant formula developed by Morgan Stanley was the Student Loan Marketing Association (Sallie Mao). It brought the "barmless warrants" idea to the Euroyen market for the first time with a Y20bn deal carrying 20,000 warrants. The host bonds have a 6¼ per cent coupon and mature in 1991 and are issued at 101½. They are callable from 1989 at par.

The warrants, priced at Y8,000 each, can be exercised during the first three years only by surrendering the bond but after that with cash into a Yim non-callable bond with the same maturity and coupon. That allows Sallie Me to ensure that the total borrowing can be limited to the initial amount—hence the name harmless.

Tho package, led by Daiwa Europe, carries fees of 1¾ per cent and comes in targetted registered form. Traders are not convinced, though, that five years is e long enough period for the warrants to be attractive.

In the Euro-Australian bond market, Bayerische Vereinsbank launched a A$50m four-year issue for its Overseas Finance subsidiary. The coupon was 14 per cent and issuo price 101. The name is popular in West Germany, where much of the demand for Australian dollar paper is based, and traded comfortably within the 1¾ per cent fees.

Renault's FFr 500m issle was duly launched by Societe Generale with o 10⅞ per cent coupon and par issue price. The bonds have e final maturity of 15 years but with puts and calls after five and 10 years and coupon refixes. The bonds met a good response trading within the 1¼ per cent selling concession, and the whole sector bas been firm.

The D-Mark market got an early boest from the Japanese rate cut and trading was active in the morning. But enthusiasm petered out later in the day. Prices were slightly firmer.

The Bundesbank will today announce the size of the new issue calendar for February. Traders expect the total to be smaller because few floaters are likely to be coming. However, a fairly long list of fixed-rate deals could be seen.

E. German bank seeks to revise loan terms

By Peter Montagnon, Euromarkets Correspondent

DEUTSCHE Aussen Handelsbank (DAH), East Germany's foreign trade bank, has asked its bankers for revised terms on three large Eurocredits, totalling $1.5bn, arranged since December 1984.

The changes involve transforming the credits into revolving standby loans instead of term loans but, to the surprise of lenders, the Bank bas not asked for any reduction in interest margins, which range up to 1 per cent over London interbank offered rates. Nor is there any change to the maturities or amortisation schedules.

Although the margins are way in excess of the rates East Germany could obtain in the market today, bankers say the decision not seek a cut reflects the country's reluctance to risk irritating lenders by reopening loan agreements that are still relatively fresh.

Only one of the loans, a $400m credit led by Deutsche Bank, has yet been drawn. The other two are more recent—a $500m credit led by Bank of America, together with Citicorp, and a $600m deal for which Arab Banking Corporation is agent.

These currently carry a commitment fee of ½ per cent, while under the new structure the fee on all three credits will be ¼ per cent.

Bankers believe that the decision by the East German authorities to turn the credits into revolving credits is a sign that the country now has sufficient foreign exchange liquidity and is therefore unlikely to return to the syndicated loan market for some time.

One striking feature of the two most recent loans is that they contain an option for the margin to be set over the US prime rate which borrowers normally avoid because it is more expensivo than Libor.

Liffe takes expansionary tack after surge in trade

BY ALEXANDER NICOLL

TWO INNOVATIVE D-mark contracts will be launched today on the London International Financial Futures Exchange (Liffe), on the crest of a wave which has this month seen several trading records broken.

Mr Rolf Willi, treasurer and general manager of Dresdner Bank, will ring the ritual bell to start trading in a D-mark option and e new D-mark future. Both $50,000 contracts will be quoted in D-mark terms and not US cents, in line with standard foreign exchange market practice, instead of the style set by US futures markets and Liffe'o existing D-mark future.

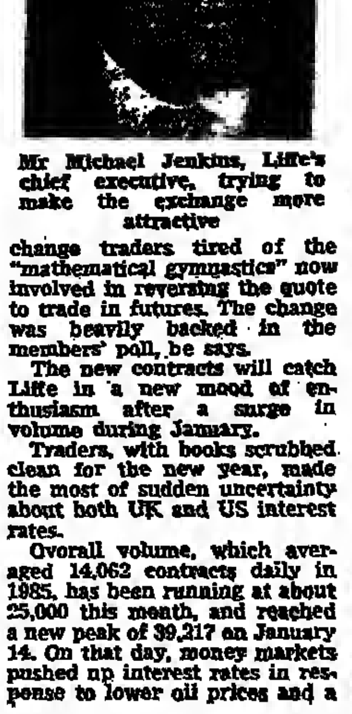
They are the first of a series to be introduced in the first half of 1986 in response to a poll of Liffe members which showed a D-mark option to bo the third most popular candidate for a new contract. The two poll leaders, options on Liffe's existing long UK gilt and US Treasury bond futures, are to be introduced in March and April.

Liffe, taking an expansionary and aggressive tack after three years of slow but steady growth, has other projects bubbling: futures on D-mark and Ecu interest rates; Eurobond futures; e Japanese government yen bond future, being developed with the Chicago Board of Trade but perhaps to be launched earlier than in Chicago; and a link, yet to be agreed, under which the Sydney Futures Exchango would trade Liffe's Eurodollar futures.

Today's new contracts are aimed chiefly et banks active in the foreign exchange market and in the currency options business which has developed away from exchange floors, and in which banks sell larger-size options to each other and to their corporate customors. Risks taken on in this way can be hedged with exchange-traded contracts.

The new D-Mark contracts are expected to see a slow start. The existence of deep forward currency markets in Europe has always hampered the development of futures by comparison with the US, where the forward markets are not as extensive.

Some bankers grumble about the change in the method of D-Mark quotation, saying it involves unnecessary administrative costs—for example, margining systems must be adapted for D-Marks. But Mr Michaol Jenkins, Liffe chief executive, argues that the switch will make the exchange more attractive to foreign exchange traders tired of the "mathematical gymnastics" now involved in reversing the quote to trade in futures. The change was beavily backed in the members' poll, be says.



Mr Michael Jenkins, Liffe's chief executive, trying to make the exchange more attractive

The new contracts will catch Liffe in a new mood of enthusiasm after a surge in volume during January.

Traders, with books scrubbed clean for the new year, made the most of sudden uncertainty about both UK and US interest rates.

Ovorall volume, which averaged 14,062 contracts daily in 1985, has been running at about 25,000 this month, and reached a new peak of 39,217 on January 14. On that day, money markets pushed up interest rates in response to lower oil prices and a marked deepeniog io the Westland crisis after Mr Leon Brittan, than UK Trade and Industry Secretary, apologised for misleading the House of Commons. In response, the Bank of England spent £2bn to stave off a rise in bank base rates.

Speculation about—as well as hedging against—rising rates was to a large extent channelled through Liffe, where the three-month sterling deposit contract had 15,970 lots traded, worth £8bn, obarply io cootrast with the daily average of 1,958 io 1985. Long gilt and US Treasury bond futures have also been active.

Liffe's growth has been reflected in e rise in seat prices, which have more than doubled in the past year to £72,000. The exchange is expected to benefit—particularly with its UK gilt and stock index contracts—from this year's restructuring in UK capital markets which will produce many more market-makers in both gilts and equities instead of the current handful of jobbing firms. They will take on unaccustomed risks which they may want to hedge, and may also seek to boost trading profits with futures.

For all that, Liffe still bas some way to go. Though both UK and US banks and securities firms are important users, British institutional investors remain hesitant. Volume is small by comparisoo with leading US exchanges, and is concentrated in near months. This leads some members to believe Liffe should devote more effort to developing liquidity io its existing contracts rather than introducing many new ones. They argue that a proliferatioo of new contracts spreads brokers' talents and user demand too thinly.

Mr Jenkins, however, points out that many members subscribed new money for options seats last year, when sterling/dollar and Eurodollar options were launched. He says Liffe owes it to them to introduce more options.

London voice for US primary dealers

By Our Euromarkets Staff

PRIMARY DEALERS in the US government securities market have set up a committee in London to represent their UK based activities. The committee will be a branch of the Public Securities Association which performs the same function in the US.

Trading in US Treasury paper has become increasingly ective in London before the New York market opens in the early afternoon, UK time. Mr David Jones, head of trading at Goldman Sachs, which is a primary dealer, was one of the prime movers in setting np the committee. He estimates that trading in London in these securities now everages between $750m and $2bn a day.

Mr Jones believes thet it is important for the primary dealers to speak with one voice and explain to investors in the UK how US government securities are traded.

Sumitomo Life plans to invest in French equities

BY DAVID MARSH IN PARIS

SUMITOMO Life, the third largest Japanese insurance group, plans to start investing in French equities after the election due in March.

Mr Mazakazu Shimoyama, head of Sumitomo Life'e office in Paris, said yesterday his head office bed an attitude of "wait and see" before the election but would probably start buying shares in April.

The company, which is the only Japanese insurance company to maintain an office in Paris, bas already been a substantial investor in French bonds. According to the company's own figures, it held investments in France on September 30 last year of Y98.7bn, made up of Y65bn in bonds and Y33.7bn in loans. This represented nearly a third of the total Y305bn investments in France by the top 21 Japanese insurance groups.

Sumitomo Life has already mounted a number of yen syndicated loans as lead manager or co-lead manager for French borrowers, including Electricite de France and Caisse Nationale des Telecommunications.

The Paris office was set up last March aimed et forging closer links with French insurance groups, including the Assurances Generales de France group with whieb it already bas contacts. It also wants to build up investments in French real estate, especially in the Paris area.

Mr Shimoyama said the group was particularly interested in construction company shares and in taking up flotetions of companies which might be denationalised if the Frencb government changes in March.

In another indication of the Japanese appetite for French equities, Nomura Securities has been asked by Banque Indosuez to syndicato a tranche of the non-voting preference shares *(certificats d'investissement)* being sold by the Compagnie Financiere de Suez as part of its FFr 1.8bn fund-raising starting next week.

Domestic issue by Hungarian National Bank

By Patrick Blum in Vienna

THE HUNGARIAN National Bank, the country's central bank, is to make a 500m forints ($10.5m) domestic bond issue to finance loans for the food industry.

The issue, availeble only to corporato investors, has an oight-year maturity with a two-year grace period, and will pay 11.5 per cent interest. The bank will buy beck the bonds before their expiry on request.

The issue is the second to be launched by the bank's agrarian, industrial and trade division which is increasingly taking on the functions of a commercial bank under Hungary's economic reforms.

Last May it made a successful 440m forints issue with an eight-year maturity paying a slightly higher 12 per cent coupon. That issue was increased from 300m forints because of unexpectedly strong demand.

Hungarians have shown a keen interest in the country's young bond market.

Delta Lloyd paper breaks new ground

By Laura Raun in Amsterdam

MORGAN BANK Nederland yesterday launched a Fl 100m commercial paper programme for Delta Lloyd, the Dutch insurance company, to become the first foreign-owned bank to offer a new instrument after the recent liberalisation of the Dutch capital markets.

Most of the three and six-month paper sold yesterday was at a rate of 5¹¹⁄₁₆ per cent, or ⅛ percentage points below the Amsterdam interbank offered rate, to yield 5.69 per cent.

Trading in the secondary market is expected to begin today.

The issue, by the Dutch subsidiary of Morgan Guaranty of the US, is much larger, and is designed to have a wider secondary market, than the first commercial paper offering made after the deregulatory moves took effect on January 1. Algemeno Bank Nederland launched a Fl 25m private placement of Akzo six-month commercial paper on January 2 and is the sole market maker for secondary trading.

The secondary market for the Delta Lloyd paper will be similar to that in London, with clearing through Euroclear. The Dutch Government's recent decision not to levy stamp tax on commercial paper should benefit the paper.

DOMESTIC BOND MARKETS

Tokyo higher on speculation

THE YEN bond market closed higher on speculative buying in expectation of lower funding costs due to a half point percentage cut in Japan's discount rate to 4.5 per cent from 5 per cent. Announcement of the rate cut came after the Tokyo exchange closed but before over-the-counter trading ended.

The yield on the 78th 6.2 per cent 10-year government bond was et 5.455 per cent in late trading against 5.485 on Tuesday. The yield on the old benchmark 68th 6.8 per cent bond was at 5.880 per cent against 5.950.

Short-end gains in Frankfurt

PRICES of public authority bonds ended mostly higher. Bourse trading was moderately active with prices being pushed up by the decline of the dollar and expectations of lower interest rates world-wide.

The early buoyant mood following Japan's discount rate cut was dampened, however, as some investors expressed scepticism about the likelihood of a similar move by US monetary euthorities.

The short end of the market gained most strongly and saw prices increase by as much as 30 pfennigs. Long maturities mostly rose by 15 pfennigs but some paper shed 10 pfennigs.
Agencies

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Closing prices on January 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅝ 92	100	103½	104	+0⅛	+1⅛	9.57
Amex Credit 10⅝ 90	100	105¾	105¾	+0⅛	+0⅛	9.24
Atlas. Richfield 10⅞ 00	250	101	101½	+0⅛	+2⅛	10.07
Australia Com. 11 95	200	108⅝	109¾	+0⅛	+1⅛	9.50
Australia Com. 11⅝ 00	100	110⅛	110⅝	+0⅛	+1	[illegible]
BP Capital 11⅛ 92	150	106½	107	+0⅛	[illegible]	9.60
Campbell Soup 10½ 95	100	107	107½	+0⅛	[illegible]	[illegible]
Canada 11½ 90	500	108⅞	109⅜	+0⅛	[illegible]	[illegible]
Canadian Pac. 10⅝ 93	100	105	105½	+0⅛	[illegible]	[illegible]
Canadian Pac. 12½ 99	75	110⅝	111⅝	0	[illegible]	[illegible]
CEPME 10⅝ 91	100	104	104½	+0⅛	[illegible]	[illegible]
Chevron USA 12⅝ 89	600	105⅞	105⅝	0	[illegible]	[illegible]
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Au. 12⅝ 90 A$	50	92½	93⅛	+0⅛	+0⅛	14.79
Creditanstalt 12⅝ 90 A$	50	98⅝	99⅛	+0⅛	+1⅛	13.22
Pepsico C. R. 13 90 A$	50	99⅛	100⅛	+0⅛	-1	12.87
Swed. Ex. Cr. 13 88 A$	40	97⅞	98⅝	+0⅛	+0⅛	13.88
Amax 10⅝ 90 C$	50	103⅜	104⅛	-0⅛	+1⅛	9.56
Canad. Pac. 10⅝ 90 C$	75	101⅝	102⅛	-0⅛	+2⅛	9.79
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UK COMPANY NEWS

W. H. Smith boosted by D-I-Y side

EACH SECTION of the W. H. Smith & Son (Holdings) group, led by the D-I-Y side with a 92 per cent advance, has made increased contributions to a first half pre-tax profit of £21.3m, a rise of £4.5m over the comparable period of 1984.

Christmas sales were marginally ahead of forecast and chairman Mr Simon Hornby expects "a further satisfactory increase" in the second six months.

The stock market was looking for first half profits in the £19m-£20m range, and marked up the shares by 6p to 270p.

On the A ordinary shares the interim dividend is lifted from 1.7p to 2p net, and on the B it is up from 0.34p to 0.4p. Totals for the year ended June 1 1985 were 5p and 1p respectively when pre-tax profit reached £43m.

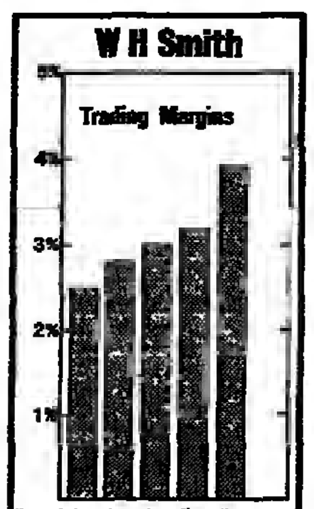
Mr Hornby says in the six months ended November 30 1985 the retail side dealing with books, stationery, news, gifts, etc, increased its turnover from £255.82m to £291.14m and its pre-tax profit from £7.67m to £9.61m.

Trading was strong in the summer and profits continued to benefit from the store space re-allocation programme and further concentration on traditional products. The integration of Websters Bookshops into the specialist book chain has been successful and better profits were earned.

In D-I-Y (Do It All) turnover came to £52.04m (£34.53m) and profits to £3.46m (£1.8m). All profits continued their fast growth and significant gains in volume were achieved by existing stores, the chairman reports. The group operates from 60 stores and a further five are planned in the current half.

The wholesale division lifted sales to £239m (£215.4m) and profits to £8.43m (£7m). Mr Hornby observes that the introduction of new technology into Fleet Street and the launching of new newspapers will bring changes in the pattern of distribution. "Our business is ready to respond positively to these new opportunities," he says.

Mr Simon Hornby, chairman of W. H. Smith



Other activities produced turnover of £38.39m (£27.57m) and profit £1.36m (£652,000). Property profits were £199,000 (loss £39,000) after £1.05m (£627,000) relocation expenses. At the end of August the head office was transferred to smaller premises in Holbein Place, SW1, and full benefits should arise next year; the freehold premises in Fetter Lane are being actively marketed.

Turnover is shown exclusive of VAT. After related company £15.49m (£8.38m) and intra group sales £24.26m (£23.53m) the net turnover for the period came to £580.82m (£501.4m). Profit before tax was after depreciation £8.55m (£7m) and interest paid £2.06m (£297,000).

A geographical split of turnover and profit shows the UK accounted for £542.36m (£476.24m) and £21.62m (£16.38m), Europe for £2.36m (£2.23m) and £328,000 (£315,000) and North America £36.09m (£22.94m) and £583,000 (loss £70,000); less property profits, relocation costs, interest and related companies share £1.24m (credit £177,000).

Results of the Elson Group in the US have been included since the date of acquisition, October 1 1985. Profits for the two months was £809,000.

After a tax charrge of £7.77m (£6.76m)—assuming an effective rate of 36.5 per cent over the year—the half-year's net profit works through at £13.52m (£10.04m) for earnings of 7.76p (5.81p) per share.

Commenting later on developments in the newspaper industry, Mr Hornby said while his group did not expect any major effect on the wholesale chain in the near future, he predicted benefits in the medium and longer term.

Developments would lead to "a larger, healthier newspaper industry. This is going to benefit the wholesale chain," he said.

The group estimated it would be involved in the distribution of around half of the expected 1.2m launch circulation of Mr Eddie Shah's national newspaper. This would be published seven days a week and would be "a great plus for us. We see it as a real benefit to our business," the chairman said.

Capital spending in the current year was expected to rise to some £47m, after accounting for an estimated £12m from sale and lease back deals from Do It All centres. At the end of the financial year gearing would be around 42 or 43 per cent.

In the US the opening of new Elson outlets was running at the rate of 50 in the current year.

On the record shops side the group planned to have 40 by the end of May with, hopefully, a further 60 in the next 12 months.

The group was looking for continued profits improvement from its D-I-Y chain with Mr Hornby predicting benefits from Sunday trading. Some 33 of the group's Do It All chain were trading on Sunday and Mr Hornby hoped that by August all the chain would be doing so.

See Lex

Globe lifts net asset value by 12.34%

Globe Investment Trust is likely to make further moves into the wholesale fund management, after withdrawing from the retail end by completing the £35m sale of its Tyndale Group subsidiary next week.

Globe is expected to make an acquisition in the wholesale fund sector through its Globe International subsidiary which manages $300m of funds, two-thirds in New York and one-third in Switzerland.

The move comes as the company announced a 12.34 per cent rise in net asset value for the nine months to December 31 1985, while attributable profits were up 12.14 per cent to £14.2m.

The net asset value per share rose from 362.01p to 406.70p, beating the 10.83 per cent rise in the FT Actuaries All Share Index for the same period.

Investment Trust earnings were up from £23.9m to £25.16m, and pre-tax profits were £20.86m (£18.63m) after interest payable of £6.78m (£6.29m) and subsidiaries' earnings of £2.48m (£1.02m).

Earnings per share on a fully diluted basis were 8.29p against 7.53p, a rise of 10.09 per cent.

Mr David Hardy, the chairman, said Globe had achieved good margins on both capital and income objectives. Earnings had benefited from excellent increases in dividends, particularly in the UK, along with higher returns from unlisted investments and interest receivable.

He said that while stock markets were high, they had not yet topped in either the US or the UK, and he expected another good year.

● Globe's discount to fully diluted net asset value (at 407p) continues to trail the investment trust sector; although this is as much a reflection of the lack of corporate possibilities as any poor performance revealed in these figures. Even after the recent upheavals in the sector, Globe would still represent a very substantial disguised rights issue for a bidder. None the less, Globe's shift away from a purely index investment — 10 performance-shaping stocks now account for 30 per cent of the portfolio—has not produced any great improvement on the index this time with the loyalty to Hanson Trust almost cancelling the more successful punts in Waterford or Imps; and anxiety about the liquidity of European stock markets has meant a substantial opportunity has been missed. At 306p down 3p, Globe trades at a 25 per cent discount.

Union Discount recovers to make £1m profit

A SHARP fall in profits has been recorded by the Union Discount Company of London in its centenary year. It is the UK's second largest discount house.

The disclosure of an unspecified loss at the interim stage had prepared the Stock Market for an overall deficit for the year 1985. As it is, Union is able to show a profit after tax of £1.13m, compared with £7.94m in the previous 12 months.

Mr Graeme Gilchrist, Union's managing director, says 1985 has been a particularly difficult trading year. After the sharp rise in sterling interest rates in January 1985, the money markets consistently expected base rates to fall faster and further than they actually did.

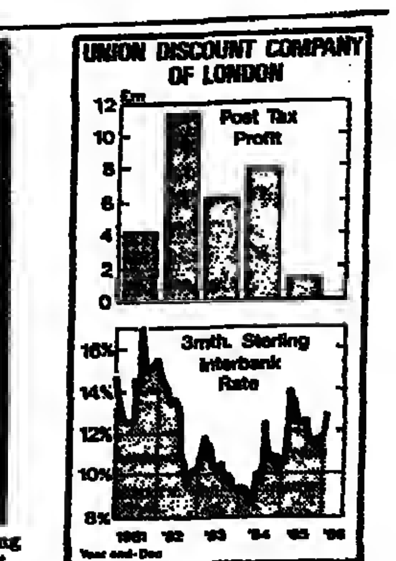
This meant that the yield which Union obtained on its assets was frequently below the company's cost of funds, making it impossible for Union and the other discount houses to show a running profit on their bill holdings.

Union did, however, make profits on its portfolio of US dollar assets, on the sterling certificate of deposit market, on money trading, leasing, futures and options. The profit reported by Union is the true profit recorded during the year; in all previous years it has made transfers to and from inner reserves, so disguising its true profit.

Mr Gilchrist says the decision to show the actual profit reflected the company's move towards fuller disclosure.

Union raised £15m by a rights issue last June in order to provide capital for a company which will trade as a licensed market-maker in gilt-edged securities. The company has taken a 14.9 per cent stake in Aitken Campbell, a firm of Glasgow jobbers which will also operate as a gilt-edged market-maker.

Mr Graeme Gilchrist, managing director of Union Discount



Mr Gilchrist says he is encouraged by the performance of Union's existing gilt-edged operation during 1985. They made a profit in the year and at the end of December were holding a net bear position of £35m in gilts.

At the end of December, Union's total current assets were £2.7bn, down £346m on the previous year. Published shareholders' funds rose, after taking account of the rights issue, from £54.6m to £66.4m. The final dividend is maintained at 26p, giving an unchanged total for the year of 37p net.

Mr Gilchrist, who says he thinks the Bank of England handled the recent upward pressure on interest rates "brilliantly," adds that the company is taking a very cautious view of the direction of interest rates. The next move, he suggests, is more likely to be up than down.

He also says the company has started the new year well, making a profit during January in difficult market conditions.

See Lex

RTZ to develop £44m gold project in Brazil

Rio Tinto-Zinc is to go ahead with the development of the US$62m (£44m) Morro do Ouro gold project in Brazil. First production at the large, but low grade—believed to be less than 1 gram gold per tonne—open-pit gold venture is planned for the end of next year at an average annual rate of 3 tonnes (96,453 oz) gold.

RTZ Mineracao and Autram Mineracao e Particpacoes have concluded a joint venture agreement for the project which is near Paracutu, 240 km south-east of Brazilia.

The RTZ company will manage the joint venture to be developed through a new 51 per cent-owned subsidiary, Rio Paracutu Mineracao at a total cost of approximately $62m.

A production life of 15 years is planned for the venture during which time exploration will be carried out to locate additional mineable ore reserves. A specific metallurgical process has been developed to allow the low grade deposit to be mined economically on a large scale.

EMAP in £6m sale

EMAP, the provincial newspaper and magazine group, announced yesterday it had sold its entire holding of 1.62m "B" shares of Reuters Holdings, the international business information group, for about £6.1m net.

Wagon Finance hit by £2m rise in interest

Wagon Finance Corporation, the subject of an agreed £36m offer from MAI, paid out sharply higher interest charges in 1985 which left its profits little changed on those of the previous year.

However, a substantial increase in the volume of business produced a record level of finance charges carried forward at the end of the year amounting to £22m which the directors say will benefit the results of 1986 and future years.

With this in mind, and despite the recent rise in interest rates, they are confident of a satisfactory performance in the current year.

Turnover for 1985 improved from £22.78m to £24.25m but following a £2.13m rise in interest charges to £9.99m profits at the pre-tax level came through at £3.33m, down from the previous year's £3.37m.

The final dividend is being omitted (2.5p), leaving shareholders with 1p net for the year, against a previous 3.375p. Earnings emerged at 8.2p (7.8p) per 25p share after taking account of tax of £1.39m (£1.53m).

MAI, formerly known as Mills & Allen International, the money and securities broking, insurance broking and advertising and market research group, made its agreed bid for Wagon Finance earlier this month.

Wolverhampton & Dudley gives assurances

Wolverhampton & Dudley Breweries said yesterday that it planned to invest up to £1m on improving the brewery of Davenports Brewery should its bid for the Birmingham Company succeed.

The announcement comes on the eve of the January 31 deadline, W & D, a West Midlands-based brewer, has given on its bid of up to £32.1m for Davenports in which, as a first step, it is seeking an indication of support from either the board of Davenports or the Baron Davenports' Charity Trust which has a 19.95 stake in Davenports.

W & D, in giving assurances about the future of the Birmingham brewery, said its plans included the brewing of Harp lager at the plant.

At present W & D, which sells Harp, has an option to brew the product under licence

Wickes at premium on first day's trading

Shares in Wickes, a do-it-yourself and building materials retailer floated yesterday on the USM, rose to a 3p premium above the 140p offer price before edging back to close at 141p.

The company had received a disappointing response to its offer for sale. There were 1,316 applications for a total of 2.16m shares, representing 44 per cent of the 4.95m shares on offer.

D. Dixon merger off

David Dixon, Yorkshire-based clothing group, and A and J Gelfer, Glasgow-based textile manufacturer, have discontinued merger discussions which were announced earlier this month. No reason was given.

Gelfer, which recently acquired a 20 per cent stake in Dixon, said it intended to retain its holding as an investment.

Dixon's shares fell sharply on the news to close at 250p, down 38p on the day. Gelfer closed at 104p, down 4p.

ICI subsidiary to take full control of Dulux Australia

BY GORDON CRAMB

ICI Australia, the 62 per cent-owned subsidiary of the UK chemicals group, is to take full control of Dulux Australia by buying a 29.6 per cent stake held by Cookson Group.

The move, announced at the ICI Australia annual meeting in Melbourne by Mr Milton Bridgland, the chairman, follows the absorption in 1984 of a similar-sized minority holding in Dulux New Zealand.

This was also sold by Cookson, which over the past two years has been shedding involvements outside its core metals, chemicals and ceramics operations. Mr Fergus Munro, Cookson's finance director, described the disposal yesterday as part of "our progressive reduction in involvement in surface coatings."

Neither side would disclose the price of the deal, but Mr Munro said it was in line with an approximate A$20m (£10.1m) net asset value put on the Cookson minority holding.

Dulux Australia, with an annual turnover of A$220m, is the country's market leader in decorative and automotive paints, with just a third of sales. It employs about 2,000 people at three production plants in Australia and one at Lae in Papua New Guinea.

ICI said in London that the purchase reflected a "strategy to build on the paints business worldwide." Cookson, however, retains the option to acquire Dulux Australia's lead oxide and lead stabiliser operations.

These supply the country's plastics and battery industries, in which Cookson is involved elsewhere in the world. Cookson, known formerly as Lead Industries, last September paid £45m for Frank Horsell, a lithographic plate maker which was about to come to the market.

WINTRUST, merchant bank, raised pre-tax profits by 14 per cent from £1.26m to £1.44m for the half year to September 30 1985 and the directors say the improved trend has continued since the end of the period. With substantial cash resources and a strong balance sheet they say the company is well placed to anticipate a further period of sustained growth.

After tax of £585,815 (£501,041) earnings per 20p share were up 14 per cent from 8.33p to 9.47p. The interim dividend is increased to 1.8p (1.6p) net.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Textiles	9	April 2	4.67*	13†	7.24*
Daejan Hldgs. ....int	5	Mar. 20	5	—	13
Home Farm ....int	1.15	—	1.15	—	3.25
W. H. Smith ....int	2	Mar.17	1.7	—	5
Union Discount†	26	Mar. 20	26	37	37
Wagon Finance	nil	—	2.5	1	3.38
Wintrust ....int	1.8	Mar. 27	1.6	—	4.8
Zetters ....int	1.25	—	1	—	4

Dividends shown pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

BASE LENDING RATES

ABN Bank	12½%	■ Hambros Bank	12½%
Allied Dunbar & Co.	12½%	Heritable & Gen. Trust	12½%
Allied Irish Bank	12½%	■ Hill Samuel	‡12½%
American Express Bk.	12½%	C. Hoare & Co.	12½%
Amro Bank	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Johnson Matthey Bkrs.	12½
Associates Cap. Corp.	12½%	Knowsley & Co. Ltd.	13 %
Banco de Bilbao	12½%	Lloyds Bank	12½%
Bank Hapoalim	12½%	Edward Manson & Co.	13½%
Bank Leumi (UK)	12½%	Meghraj & Sons Ltd.	12½%
BCCI	12½%	Midland Bank	12½%
Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount Credit Corp.Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	13½%
■ Brown Shipley	12½%	PK Finans. Intl. (UK)	13½%
CL Bank Nederland	12½%	Provincial Trust Ltd.	13½%
Canada Permanent	12½%	R. Raphael & Sons	12½%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13 %
Cedar Holdings	13 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12½%
Citibank NA	12½%	Standard Chartered	12½%
Citibank Savings	¶12½%	TCB	12½%
City Merchants Bank	12½%	Trustee Savings Bank	12½%
Clydesdale Bank	12½%	United Bank of Kuwait	12½%
C. E. Coates & Co. Ltd.	13 %	United Mizrahi Bank	12½%
Comm. Bk. N. East	12½%	Westpac Banking Corp.	12½%
Consolidated Credits	12½%	Whiteaway Laidlaw	13 %
Continental Trust Ltd.	12½%	Yorkshire Bank	12½%
Co-operative Bank	*12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptrs.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.70%. 1-month 8.03%. Top Tier—£2,500+ at 3 months notice 12.08%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
¶ Mortgage base rate.
§ Demand dep. 8¾%. Mortgage 13%.

Public Works Loan Board rates

Effective January 29

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
1			13			13¾
Over 1 up to 2	12½	12¼	12¾	13¼	13¼	13½
Over 2 up to 3	12¾	12½	12½	13¼	13½	12¾
Over 3 up to 4	12¾	12½	12	13¼	13¼	12¾
Over 4 up to 5	12¼	12½	12	13¼	13¼	13¼
Over 5 up to 6	12¼	12¼	12	12¾	12¾	12½
Over 6 up to 7	12¼	12	12	12½	12½	12¼
Over 7 up to 8	12	12	11¾	12½	12½	12½
Over 8 up to 9	12	12	11½	12½	12½	12½
Over 9 up to 10	12	12	11½	12½	12½	12½
Over 10 up to 15	11¾	11½	11¼	12¼	12¼	11½
Over 15 up to 25	11¾	11½	11	11¾	11½	11½
Over 25	11½	11	10¾	11¾	11½	11½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Plessey comes under heavy fire from GEC

BY CHARLES BATCHELOR

GEC, which last week saw its £1.2bn takeover bid for Plessey, the rival electronics group, referred to the Monopolies Commission, yesterday launched a hard-hitting attack on Plessey's performance over the past 10 years.

In a 17-page document sent to Plessey'e shareholders and titled "Setting the record straight," GEC refuted the arguments advanced in Plessey's defence circular. GEC announced earlier it was starting a libel action against Plessey over that circular.

Even though the GEC offer has lapsed following the Monopolies referral GEC said "we cannot responsibly leave unanswered the inaccuracies and distortions" in Plessey's document.

The latest GEC circular contrasts starkly with the tone of GEC's nffar document which was careful to avoid any criticism of Plessey's performance. The atmosphere changed however in the wake of Plessey's defence document.

GEC yesterday charged Plessey with having failed to compare the records of the two companies fairly. "The Plessey directors have presented an image of GEC so unreal as to call into question their own credibility—even on matters affecting Plessey itself."

GEC said it remained convinced that Plessey's best prospects lay with GEC.

GEC took a 10-year period, more representative, it said, for businesses with long trading and product development cycles, to show it had outperformed Plessey.

It said its own earnings per share had risen at a compound rate of 16.7 per cent a year compared with Plessey's 14.2 per cent. Dividends per share rose 22.3 per cent against 12.9 per cent and net asset value per share by 16.5 against 8.9 per cent.

GEC argued it made a profit margin of 11 per cent on sales of electronic systems against Plessey's 7 per cent while its margins were also higher in telecommunications.

It said Plessey's net cash balances were deteriorating at a time when its commitments were rising and important customers such as British Telecom and the Ministry of Defence were hardening their attitudes to prices and value for money.

GEC responded to Plessey's attack on GEC's recent acquisitions with a criticism of the performance of three companies—Alloys Unlimited, Garrard and Ctromberg Carlson — bought by Plessey.

Plessey replied yesterday that it stood by its arguments, that GEC's circular was based on differenees of interpretation and that Plessey considered the hid "to be behind us."

Kenyon Securities advances

Pre-tax profits at Kenyon Securities, funeral and ancillary services group, improved from £187,000 to £358,000 in the six months to September 30 1985.

Tha results incorporate tha trading activities of J. A. Massey & Sons (Harrow), F. Cluttarham & Son (Bury St Edmunds), F. Hammond & Sons (Newmarket) and a private company, Hambrook & Johns (Folkestone), all of which were acquired after September 30 1984.

During the period under review, Kenyon also provided its services in respect of two air accidents.

The directors believe tha results reflect the success of the group's services, togather with its policy of expansion through acquisitions. They are confident that these factors will continua to contribute towards its profitability fnr the current year.

Turnover of this USM company rosa from £1.94m to £3.16m. The interim dividend is raised from 3.125p net to 3.4p. Stated earnings per 25p share improved from 7p to 11.5p. Tax was up from £84,000 to £143,000.

Morgan Crucible lifts terms for Castle

Morgan Crucible has boosted its bid for First Castle Electronics by £6m to £48m, writes Terry Povey.

Bankers acting for the two companies have arranged for a meeting in Manchester today to discuss the final offer. In the meantime, First Castle has asked shareholders not to take any action.

On the stock market yesterday Crucible bought just over 10 per cent nf First Castle's issued shares in a brief buying flurry that sent the price up over 186p at one point.

Through purchases and acceptances, Crucible now holds almost 13 per cent of the defence electronics company's equity.

According to Dr Bruce Farmer, Crucible's managing directnr, the market buying operation "went like a dream" and Crucible were willing to meet First Castle's management to "talk about anything—except price as this has now become final."

Hill Samuel, advisor to First Castle, claimed that the institutions wha had sold on the market had done so because of the attraction of the cash.

"The selling was technical rather than a comment on the offer—which is only 5 per cent higher than that previously rejected," said the bank.

The final offer is three Crucible shares for every four of First Castle and there is a cash alternative nf 165p. Last night's closing price of 247p, up 2p, for the bidder places a 185.25p value on each First Castle share.

The electronics company closed at 174p, down 2p on the day.

Terry Povey looks at the background to today's meeting

Who's king of the Castle?

	MORGAN CRUCIBLE Profits pre-tax (£m)	Earnings per share (p)	Dividends (p)		FIRST CASTLE Profits pre-tax (£m)	Earnings per share (p)	Dividends (p)
1985	18.0	17.1	8.5	1985	3.2	11.5	2.45
1984	15.5	15.9	8.0	1984	2.27	10.56	1.96
1983	9.8	10.4	7.5	1983	1.74	8.55	1.79

Morgan Crucible: Share price 1985-1986 182p-247p; yesterday 247p, up 2p. Market capitalisation £171.9m. Last rights: April 1985 £20.7m

First Castle: Share price 1985-1986 88p-184p; yesterday 174p, down 2p. Market capitalisation £44.98m. Last rights: February 1985 £5.1m

MORGAN CRUCIBLE and First Castle Electronics could be on the verge nf an agreed end to tha takeover battle between them. But their histories and the personalities running the two companies could hardly be more different.

While arguments over pricing have dominated the bid battle to date both are agreed on the importance of specialist electronics—even if they came to this conclusion from markedly different backgrounds.

Whatever the outcome of the Manchester meeting today, First Castle shareholders are being offered the choice of a stake in a well run medium-sized business that would dearly like to get more specialist electronics on board.

The alternative — if there is no agreement — is to stay with a fleetfooted entrepreneurial management that will switch the group's direction as it sees tha profit wind blowing.

Until a major shakeup was begun in 1980, Morgan Crucible was seen as tha epitomy of a traditional smoke stack company—one of its claims to fame was ownership of the tallest chimney in London.

In the 1970s, the run down of the UK steel and engineering industries, the group's main customers, saw margins slashed while acquisition and start-up costs held back overseas' profit contributions.

Redundancies and plant closures followed as Crucible shifted away from heavy industrial consumables at home. There was also a diversification into industrial lubricants ,especially those for the metal cutting market) in the UK and the US.

Until 1983, Crucible struggled (pre-tax profits hit a low for the past decade of £5m in 1982) with the costs of making this sbift.

Management changes, made by agreement rather than the results of a power struggle, followed and Dr Bruce Farmer, the present group managing director, was headhunted from Associated Engineering, Mr Graham Swetman became finance director and Sir James Spooner became chairman of the board.

The emphasis is now on materials technology — carbon (36 per cent of sales and half of profits in 1984), ceramic (14 per cent and 13 per cent), thermic (27 per cent and 16 per cent) and lubricants (17 per cent and 19 per cent) plus a small electronics division (5 per cenr and 2 per cent).

Overseas sales account for almost three-quarters of the group total with the Pacific rim designated as the key area for expansion.

The analysts see the group as well-run although most confess that it is hard to get to grips with understanding its products —"its a hit of a boffins' company," said one brokar.

According to Dr Bruce Farmer the group pursues a "small is beautiful" strategy, aiming to keep the size nf subsidiaries down (the present avaraga is 350 employees) and management decentralised—the Windsor head office employs only 30 people.

Corporate goals include the doubling of pre-tax profits every three years—a target which should be met in 1986 but which could prova a struggle thereaftar unless Crucible expands significantly and does so without taking its debt up to high levels.

It is here that the attraction of most of First Castle to Crucible becomes apparent. For the bidder wishes to build up its own fledgling electronics division (which is seen as a key growth area but presently too small and short of products—sales were £11m in 1984).

Of the two Crucible electronic companies, one is strongly defence oriented while the other concentrates on precision metal parts for the electronics components industry.

So the areas within First Castle of most interest are tha avionics, nucleonic, defence and electronic component distribution activities (which together account for about two-thirds of turnover); the domestic appliances, computer-related activities (including monitor screens) appear to be of less interest.

First Castle was founded, and is still chaired, by the mercurial Mr Leslia Connor (who once ran the King Connor chain of betting shops in Merseyside) in the mid-1970s out of the rump of a quoted plastic foam business.

In 1976 the company made pre-tax profits of £50,000, adopted the name First Castle Securities and moved into tha music and musical instruments business. Hunts Pianos remains part of the group.

Two years later Mr Connor bought BRM Electronics, the work of which centred on the aircraft industry, civil and military. By 1980 this wing of activities had grown to overshadow the trading and renovating of second-hand pianos and the name was changed to its present form.

Subsequently, the electronics' industry procurement company Fleetworld (which has close trading links to Olivetti) was added, as was a plastics moulding company and three years ago Centronic Holdings, a Surrey-based electronics and nuclear products manufacturer.

It is Centronics which has developed the group's best known product, the small arms weapons simulators — SAWES — used by armies as a realistic but inexpensive war games/training tool.

The group's most recent acquisition was that of the US geiger counter company TGM in September.

FCE's management is run out of two centres — Mr Connor operates from his Lancashire bastion while near Croydon, the Centronics base, is the headquarters for Mr John Harris, the group's highly regarded managing director.

The nub of the argument between the two companies centres on price and what has become the related issue of management philosophy. Crucible claims that the low tn negligible tax rates achieved by the defence electronics company to date are "unmaintainable" and/or inconsistent with growth as an electronics company argues the bidder.

The target's low tax rates have been achieved by some well timed industrial property acquisitions (mostly in enterprise zones) to which are attached substantial tax allowances.

In the last year a sum equivalent to over half the proceeds of FCE's £5.1m 1985 rights issue has been used to buy industrial buildings as part of these tax planning schemes.

The row over taxation has crystalised out into a clash over management styles. Crucible, while ful of praise for the way Leslie Connor hras transformed a piano company into an electronics group, elearly feels that the next phase in FCE's development requires something other than an entrepreneurial aprnach.

Last November in the course of "friendly talks" with Dr Farmer, Mr Conor put the right price for a fevourable recommendation to his board at £2 a share — this was done in response to a verbal suggestion of 130p from Crucible. Most of that gap has now been bridged by the share offer.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales valne (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1984							
4th qtr.	103.5	101.3	106	112.7	164.0	3,103	153.9
1985							
1st qtr.	106.0	102.7	105	113.3	133.9	3,138	153.6
2nd qtr.	108.2	103.5	109	115.0	141.4	3,174	161.7
3rd qtr.	108.4	103.8	94	116.4	145.2	3,179	164.4
4th qtr.				116.6		3,174	168.2
May	108.6	103.4	109	115.3	142.0	3,177	160.7
June	107.6	104.0	118	116.0	141.8	3,169	163.4
July	107.7	103.3	90	116.0	146.9	3,175	163.0
August	108.1	104.1	95	117.5	145.4	3,183	162.9
September	109.4	103.9	97	115.9	143.7	3,179	167.3
October	109.4	104.7	102	114.1	149.7	3,173	172.6
November	110.7	105.4		117.6	164.7	3,167	170.0
December				117.9		3,181	162.1

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
4th qtr.	102.5	98.6	106.2	100.0	106.0	99.3	13.3
1985							
1st qtr.	102.6	102.2	109.3	103.3	111.5	99.0	13.8
2nd qtr.	102.4	103.5	113.2	104.4	116.3	99.2	18.6
3rd qtr.	105.0	102.1	113.1	102.6	118.0	103.7	17.1
May	102.7	103.9	113.6	104.0	117.0	99.0	19.9
June	104.0	103.6	111.4	104.0	118.0	102.0	17.9
July	104.4	101.3	112.3	102.0	117.0	103.0	18.4
August	105.5	102.4	112.2	103.0	120.0	105.0	15.5
September	105.2	102.7	114.8	103.0	117.0	103.0	17.4
October	104.8	105.6	113.5	105.0	114.0	104.0	20.1
November	106.4	104.8	115.5	105.0	116.0	106.0	16.8

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trada (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
4th qtr.	119.7	129.1	−1,313	+424	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,283	−408	+1,862	96.5	13.53
2nd qtr.	120.6	126.0	−222	+1,435	+2,368	98.2	14.32
3rd qtr.	115.0	123.7	−543	+1,162	+1,932	100.6	14.18
4th qtr.	119.6	127.1	−7	+1,359	+2,087	101.9	15.54
May	121.7	121.0	+252	+805	+838	98.3	13.98
June	118.4	126.9	−216	+336	+843	99.1	14.32
July	117.0	123.0	−77	+491	+663	99.4	14.26
August	113.4	123.3	−236	+333	+626	101.3	14.26
September	114.6	124.7	−230	+338	+644	101.1	14.18
October	119.1	125.7	0	+400	+760	101.2	16.31
November	118.9	129.1	−132	+268	+675	102.6	15.98
December	120.7	126.5	+125	+691	+652	102.0	15.54

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,064	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,380	11.50
4th qtr.	1.4	25.1	17.8	17.7	2,299		11.50
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	961	12.50
July	4.4	19.1	8.3	16.8	650	1,129	11.50
August	2.4	22.9	14.4	21.8	524	1,126	11.50
September	1.1	5.2	12.3	14.1	597	1,125	11.50
October	1.5	24.9	19.8	18.7	796	1,147	11.50
November	3.0	21.5	20.4	17.6	638	1,063	11.50
December	2.7	29.1	14.2	17.0	865		11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
2nd qtr.	170.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.	174.4	133.1	140.2	376.3	335.5	251.12	82.2
4th qtr.		132.6	141.3	378.1	337.4		
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	171.9	136.7	139.6	376.4	340.1	278.13	79.9
July	173.7	133.9	139.9	375.7	335.3	259.51	83.6
August	173.4	132.8	140.1	376.7	335.3	254.34	81.6
September	176.1	132.7	140.5	376.5	335.8	251.12	81.4
October	173.9	131.3	140.8	377.1	335.5	249.46	80.4
November	176.7	131.8	141.4	378.4	337.4	n/a	80.0
December		134.7	141.7	378.9	339.4	n/a	79.1

* Not seasonally adjusted.

UK COMPANY NEWS

Allied Textile shares spurt on £6.4m profit

THE ENLARGED manufacturing, processing and distribution group Allied Textile Companies has achieved a pre-tax profit of £6.39m for the year ended September 30 1985 and is paying a final dividend of 9p for a year's total of 13p net, against 12.5p forecast.

Figures inclnde Mayfield Holdings which was acquired last June in consideration for cash and shares. Adjusting 1983-84's profits to a merged basis they came to £5.44m and the dividend, after a scrip issue, was 7.24p.

With this year's final dividend the directors are to make a 1-for-1 scrip issue.

City analysts were expecting this year's profit to be in the £6m-£6.5m range. The sheres gained 28p on the day to close at 448p.

Mayfield's bosiness covers the weavlog, dyeiog and finishing of lightweight fabrics, the manufacture of pile febrics particularly for the transportation industry, and the production of loilet bags eod other items for departmental and chain stores.

Combined turnover for the year moved up from £51.25m to £54.63m. After tax £2.11m (£2.18m) the net profit came to £4.28m (£3.26m) for earnings per share of 39.3p (30p). Additionally, there are extraordinary debits of £475,000 (£230,000, less credit £998,000).

Salient features of the 1983-84 results of Allied Aextiles only were a pre-tax profit of £4.17m from sales of £31.96m. A net profit of £2.59m gave earnings of 28.6p.

● comment

Allied Textile Companies' 31 per ceot earnings growth gives few grounds for complaint from shareholders who resisted LMI's bid overtures last spring. The increase is in no small part due to ATC's takeover of Mayfield, which bas contributed £1.9m to the pre-tax figure. Even without it the core businesses would have shown an 8 per cent profits increase—a creditable performance in the light of the previous year's 42 per cent advance, regarded by some as unsustainable. The group is continuing with its policy of weeding out the less profitable parts of its businesses and developing non-traditional activities such as the manufacture of fabrics for car, train and aircraft seat covers and filament yarn for protective clothiog. This year should take it beyond £7m pre-tax, putting the shares, up 28p at 448p., on a prospective p/e ratio of under 11 after a 37 per cent tax charge. At that price the shares contione to underrate ATC's strengths: with £22.4m in cash and unrealised investments at the year-end, equivalent to 206p a share, the gronp is well placed to pursue its development into new product areas and further growth through acquisition.

Zetters wins at bingo with 30% profits rise

CONTINUED growth in the results of its bingo clubs enabled Zetters Group, the football pools operator, to lift pre-tax profits almost 30 per cent in the six months to September 30, 1985.

The profits rose from £601,000 to £778,000 on turnover np 8.25 per cent from £12.05m to £13.04m. This included a 16.85 per cent rise in turnover oo bingo from £3.28m to £3.83m but only a 5.03 per cent rise on football pools from £8.77m to £9.21m.

The interim dividend is 1.25p, up from 1p in 1984. Earnings per share were 7.13p against 4.77p.

The company said the results were satisfactory and as expected, were largely due to the growth in bingo results. It expects a satisfactory result for the remaining six months.

BOARD MEETINGS

TODAY

Interims: BTS, Clogau Gold Mines, Robert M. Douglas, M.L. Holdings, Mayfair and City Properties, Neepsend, Oceans Consolidated, Pearless, Regian Property Trust, Wiggins, Wintrust.

Finals: Argyle Trust, Associated Fisheries, Domino Printing Sciences, A. Kershaw, Lonrho, M and G Group, Rank Organisation, Spatax Television, Sycamore, Telbex, Warner Estate.

FUTURE DATES

Interims—	
Coronation Syndicate	Mar 12
Herrburger Brooks	Feb 26
Stonehill	Feb 11
Tweefontein Utd. Collieries	Mar 12
Finals—	
Burmatex	Feb 11
Questel	Feb 7
Throgmorton Trust	Feb 7

Home Farm boosts profits by 73%

Satisfactory trading has enabled Home Farm Products to lift its pre-tax profit by 73 per cent in the half-year to November 30 1985, from £387,000 to £669,000.

The directors report thet trading continued satisfactorily up to Christmas, but has fallen away a little since. For the year ended June 1 1985 the groop made £803,000.

In their annual statement last October they said they were looking for "a pleasing increase" in profit for the first six months. Bnt they also warned that the groop could have a poor period and that might happeo in the second half. They are holding the interim dividend at 1.15p oet per share.

For the half-year, turnover of the group rose from £13.92m to £14.7m, or by 5.6 per cent. Its main activities are concerned with the production of pork and pork products and other convenience foods.

Tax took £262,000 (£171,000) to leave earnings per share at 8.7p (4.7p).

An EGM is called for February 19 to consider the introduction of an executive share option scheme.

YEARLING BONDS totalling £2.5m at 12¼ per cent redeemable oo February 4, 1987, have beeo issued by the following local authorities. St Helens Metropoliteo Borough Council £1.0m; Swansea (City of) £0.5m; West Yorkshire Metropolitan County Council £0.5m; Bedfordshire County Couocil £0.5m.

Chancery Securities ahead and set for substantial growth

Chancery Securities, the London-based licensed deposit taker and dealer in securities which came to the USM last mooth, is currently trading well in line with the directors' expectations.

They say demand for edvances is continuing to increase and that the company is now able to participate to e greater extent in syndicated and other advances.

The six months to September 30 1985 saw the company's profits rise from £286,000 to £405,000 at the pre-tax level after taking account of a £75,000 rise in administration expenses to £407,000.

In the prospectus the directors said they were looking for full-year profits of £1.1m and added that they intended to pay a final dividend of 0.9p.

Turnover for the half-year amounted to £1.22m (£7.74m) with the cost of sales at £412,000 (£7.12m). The comparative figures included transactions in commodities.

The interim report points out that in the current year no commodity trading has taken place and none is expected to occur in the future. If commodity trading is excluded comparative turnover would have amounted to £905,000 and cost of sales £326,000.

The report also points out that group profits historically are not accrued evenly over an accounting period and accordingly, the results for the first six mooths should not be regarded as indicative of the full-year figures.

However, the profits for the opening half were as anticipated by the directors when formulating the forecast of not less than £1.1m made in the prospectus.

The company's larger capital base and the resultant additional capacity achieved by arranging further credit lines well in advance of the next financial year enables the directors to anticipate substantial growth beyond the current year.

Kewill rises 28% and planning acquisitions

Kewill Systems, which joined the unlisted securities market in September, raised pre-tax profits by 28 per cent from an adjusted £222,000 to £285,000 in the six months to September 30 1985.

Turnover of the company — engaged in the design and marketing of computer-based production control systems—showed a 51 increase from £1.28m to £1.94m.

The directors say trading in the computer systems market bas recently become more difficult, but the company is well established in its markets and they are confident of reporting another successful year's trading.

The directors reveal that the group has held preliminary discussions with a number of computer systems houses, with a view to making acquisitions.

They say adverse conditions for the industry generally may provide significant opportunities for the company in this area, given the financial resources available following the 1985 share placing.

The company sold its interest in its associate, Freight Software Systems, in March, 1985, and comparative figures bave been adjusted to exclude the effect of this former offshoot.

Tax charge was £115,000 (£103,000). There were also extraordinary debits of £52,000 (£2,000 credits) representing the write-off of goodwill arising on consolidation, following the acquisition of a further 13.44 per cent of the equity of Programming sod Software Implemeotation in September.

There is no interim dividend, but the directors intend to recommend a final.

The company is cootinuing to invest in research and development of the existing Micross modules.

UK COMPANY NEWS

Gallaher held back by interest charges after record trading

DESPITE RECORD sales and trading profits, higher interest charges resulted in the pre-tax result of Gallaher emerging just ahead et £109.7m, against £106.2m, for 1985.

The group, which is not quoted, is involved in tobacco, optics, pumps and valves, retailing and wholesaling, office products and housewares. Its ultimate holding company is American Brands of the US.

Total sales moved ahead by 9 per cent to £3.1bn (£2.84bn), and generated e 7 per cent increase in trading profits of £131.1m (£122.2m). From this interest took £21.4m (£14m).

Both tobacco and non-tobacco shared in the 1985 growth, with tobacco trading profits 8 per cent ahead and non-tobacco 14 per cent up

Totol tobacco sales improved to £2.27bn (£2.09bn), giving profits of £90.2m (£83.5m). In the UK, Gallaher cigarette sales rose by 1 per cent in a reduced total market. Exports continued to develop, the chairman says, with Silk Cut the main seller.

In the optical sector profits were slightly ahead at £14.3m (£14m) on turnover of £110.1m (£97.7m) while engineering profits rose to £7.3m (£6.6m) on lower turnover of £104.7m

Distribution improved to £10m (£9.1m) due to particularly strong results from Forbuoys. Turnover was £619.1m (£575.1m).

Results for the office products division would have been better but for a poor performance in Australia. Nevertheless profits here were up from £4.8m to £5.1m on turnover ahead by £4.6m to £79.3m.

Housewares achieved profits of £7.4m on turnover of £87.1m. The 1984 result of £4.1m and £40.3m respectively is for seven months only following the acquisition of Prestige Group in May 1984.

Greenwich Resources prepares for full production in Sudan

BY KENNETH MARSTON, MINING EDITOR

Greenwich Resources, which is preparing to go to full production at its Gebeit gold venture in the Sudan, reports an operating loss for the year to September 30 1985 of £406,946 against a loss of £426,257 in 1984.

The net loss is £572,799 against a net loss of £1.42m. This is after reductions in interest receivable, mineral property cost write-offs and exploration spending. Write-offs in the past year included exploration in the UK, the Sudan and North America.

The Gebeit gold venture remains the mainstay of operations, but only the relatively low grade ore from the Y lode is being processed. This will continue until about June when all efforts will be directed to preparing the mine for extraction of the Wadi lode.

Financing for the required new processing plant will be via a £2.2m loan from the European Investment Bank to the Sudanese Government, which is Greenwich's partner in the Gebeit project.

Meanwhile, the company is negotiating for gold and diamond prospects in Venezuela, and has reached agreement on e joint venture to explore and develop diamond deposits in the Lloraco area.

A joint gold exploration venture with the Egyptian government has also been agreed. This is awaiting parliamentary approval.

NEW LIFE BUSINESS

Record year for GRE as new premiums rise 54%

A record year for new life and pensions business in 1985 is reported by Guardian Royal Exchange Assurance, with total new business premiums worldwide increasing by more than half from £204m to £315m.

Single premium business rose by almost three-quarters from £143.6m to £247.3m, while new annual premiums moved up by more than 10 per cent from £60.8m to £67.5m.

On its UK business, GRE benefited from the pre-Budget fears of a change in pension tax reliefs, resulting in new annual premiums doubling on self-employed contracts and rising by half on executive pension plans.

However, the main growth last year in UK life and pensinn business came from the continued success of its linked bond sales, which rose by a quarter to over £90m, and the massive rise in pension buy-out business which jumped from £8.3m to £55m.

GRE also announced a radical change in its bonus philosophy on its with-profit business. In future, the company intends that its terminal bonus payments made when contracts become claims shall be much more volatile and reflect more directly stock market fluctuations.

Thus, with stock markets buoyant, particularly in the UK, the company haas made a substantial increase in its terminal bonus rates for claims in 1986.

Prevlnusly, the terminal bonus rate was 30 per cent of attaching bonuses. This has been replaced by a variable scale depending on when the contract was taken out. It ranges from 52.5 per cent of attaching bonuses for contracts taken out in 1985 to a maximum of 125 per cent for policies started on or before 1956.

The reversionary bonus rate for 1985 is being maintained at £7.05 per cent of tho sum assured for whole life cnntracts and £6.80 per cent for endowment assurances. Reversionary bonus rates and other individual life and pensinn contracts are also being maintained.

The net effect of the sweeping terminal bonus changes is that maturity values nn 10 year contracts rose by around 16 per cent while on 25 year contracts the increase is well In excess nf 40 per cent. The new rates also result in substantiel Increases in pension policy values.

Strong pensions growth at Norwich Union

Norwich Union Insurance reports strong growth in its UK new life and pension business in 1985, with new annual premiums up by 10 per cent tn £89.6m, and single premium business up a third to £318.6m.

One particular success story for the group was the expansion of pension business, especially in individual pensions. Here new annual premiums rose by two-thirds to £31.5m, of which self-employed pensions more than doubled to £17.4m. Group pension new annual premiums climbed 10 per cent to £14.8m.

Annual premiums on NU's ordinary life business dipped 10 per cent because of a 20 per cent decline in new annual premiums on mortgage business to £26.7m.

However, the mortgage market rallied strongly during the year, with business In the final quarter 30 per cent up nn 1984.

The group reported significant growth in endowment savings contracts, despite the loss of life assurance premium relief. Sales of pension annuities amounted to £161m, while ordinary annuity sales totalled £70m.

Nnrwich Union's overseas business showed annual premiums up 13 per cent with strong growth in the Republic of Ireland (up 22 per cent) and France (up 23 per cent), while single premium business more than doubled.

Contracts and Tenders

Legal Notices

Company Notices

LAW AND SOCIETY

Too soft on violence, too hard on theft

By A. H. HERMANN, Legal Correspondent

"THERE IS, week by week and year by year, a growing volume of complaints from the public against lenient sentences," said Lord Hailsham, the Lord Chancellor, recently. He also thought that the grandees of the legal system took too little account of public opinion. The Bow Group, an influential pressure group within the Conservative Party, has published a paper* by Michael Stephen, which calls for the introduction of prosecution appeals and other measures to counteract soft criminal sentencing. At the same time, Britain's jails are overcrowded and the Government has launched a major programme of prison contruction.

A visit to a magistrates' court or e quick look at the Home Office statistics soon makes sense of this apparent contradiction: while serious or violent crime often receives derisory punishment, many petty offences against property lead to prison terms. That this is wrong, and against the intention of Parliament, is argued by Elizabeth Burney in a report on the sentencing of young people.† What, she asks, went wrong with the Criminal Justice Act 1982?

People who have never been near a prison have all sorts of unrealistic ideas about what prisons are for. Some think that they exist to inflict society's revenge on the offender. Others believe that their purpose is to reform the criminal. Both of these notions are wrong.

Revenge is a useless and expensive vice and I have yet to hear of anyone being reformed in prison. An eminent professor of epplied psychology told me, after spending some time in jail himself, that in his view the main effect on the prisoner is that everything that is bad or good in him is accentuated.

There are only two good reasons for sending people to prison. The first is to keep criminals out of mischief and the second is to deter others from committing crime.

The deterrent effect can be blunted by sending to prison too many people for offences which could be dealt with otherwise. The fear of prison is greatest among those who have not experienced it. The magnitude of this fear depends primarily on the state of mental preparedness for isolation from the everyday world. But after a time in prison the painful loss of social identity is replaced by integration within the prison society.

The key deprivation of prison life is not of food, of warmth or of physical exercise in the open air, it is of love and sympathy. An experienced prisoner knows that after some tima the prison provides a new social context—and thus imprisonment loses its terror for him. The only way to counteract this is to make prisons as unpleasant as possible.

If one accepts that there is no hope of reforming anyone in prison, there is no point in having soft prisons. As the bad or the weak will only get worse in prison, they should not be sent there unless it is unavoidable for the deterrence of others.

These are the basic considerations on which policy should rest. They are widely accepted by our policy makers. And yet, the practice is quite different. Murderers and rapists and those who endanger life by drunken driving are often let off lightly, while prisons are overcrowded with young people whose aggressiveness and search for adventure could be channelled to better purpose.

Sentencing in rape cases has become less arbitrary since a judge, in 1982, let e rapist off with a fine because he thought that the victim had been guilty of "contributory negligence." In R v Roberts,‡ where a rapist appealed because he thought his sentence too severe, the Court of Appeal found it to be too lenient and said that rape required an immediate custodial sentence. In spite of this, violence continues to be treated too gently: David Salt, who killed his baby daughter, is unlikely to serve more than four years after the automatic remission of one-third from his six-year sentence and Alan Grant was sentenced to only four years for the rape of two teenage girls and released after two years when he proceeded to rape another girl aged 13.

By contrast, a day spent in a magistrates' court will leave one feeling that most of the youths who are up before the Bench could be cured of their misdemeanours if they were confronted with their victims and given the opportunity to show effective regret by restitution or community service.

Instead, however, 16-year-olds are sometimes sentenced to e month in prison for petty thefts—in one case for stealing chocolate biscuits worth as little as 78p. The 1982 Criminal Justice Act tried to restrict custodial sentences to those cases where no other was eppropriate because the defendant was unwilling or unable to respond or because an imprisonment was necessary to protect the public or the offence was very serious. In practice, however, many benches take the view that any theft of more than £100 is a serious offence and any burglary deserves imprisonment for the protection of the public.

As for serious crime, Michael Stephen would give the prosecution the right to argue against leniency in imposing sentences and the Attorney-General the right of appeal against Crown Court sentences imposed for serious crime and considered by him to be too lenient. Ha suggests that the prosecution should represent the interests of the victim and that automatic remission of one-third of the sentence should cease.

However, to end automatic remission would not contribute to the deterrent effect of sentencing and this proposal does not seem to be very well thought out. Judges must be eware of the real length af sentences and this can, and no doubt is, taken into account in the sentencing guidelines from time to time issued by the Lord Chief Justice.

The English Bar'a directive that prosecuting counsel should not attempt to influence the court in regard to sentences is taken much too far if this prevents him from opposing arguments in favour of leniency. The prosecuting counsel is the representative of the public interest and should not be expected to have the impartiality of the judge. It is a practical proposal that he should also have the duty to acquaint the court with the interests of the victim and to make submissions and call evidence on the victim's behalf, with reference to a possible claim for compensation. Very often the victim will not have the means or the stamina to start separate civil proceedings in the pursuit of his or her claims.

Mr Stephen's main proposal aims to give the prosecution the same right to appeal that the defence already has, though he would limit this to eppeal from Crown Court judgments and make it dependent on the Attorney-General's approval. This means that the relatively few appeals would hardly constitute an additional burden on the Court of Appeal, on the contrary many hopeless appeals by tha defence—such as in the Roharts case—would be eliminated because of the fear of a cross-appeal by the prosecution.

The proposal to give the prosecution the right to appeal against sentences which it considers too lenient was made in the Prosecution and Defence Bill 1984 and defeated by the House of Lords in January 1985. However, it is a more flexible means of ensuring that the worst crimes are punished with a deterrent effect than setting minimum limits on custodial aentences, as is done in many criminal codes in other countries.

Dealing with e different type of crime altogether, the Roskill Committee on complex fraud trials put its finger on another serious weakness of prosecution: the absence of a simple statutory definition of what constitutes the offence of fraud. This could be said about many other offences where common law has been obscured by layers upon layers of decisions by judges.

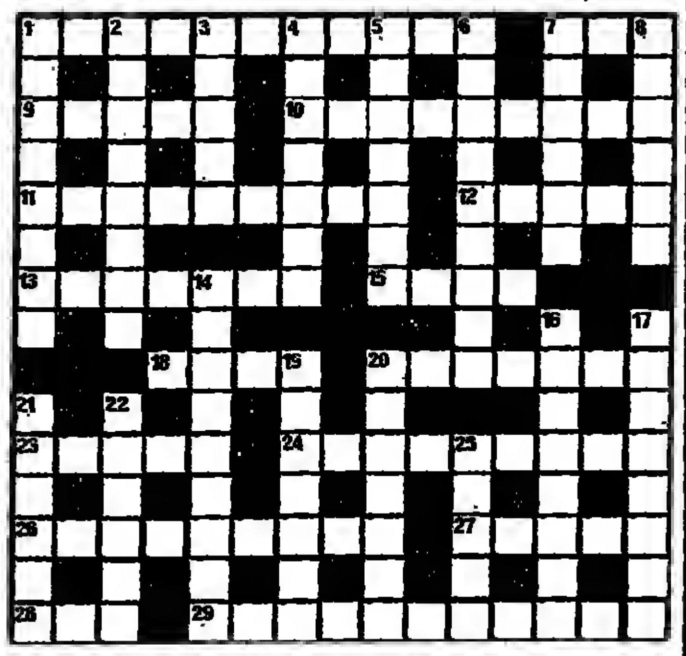
There seems to be an urgent need for e criminal code, so that judges and juries know what the trial is about. The code could also define what might constitute mitigating circumstances and the grounds for and against leniency. The proposal for the possibility of appeal by the prosecution in cases of serions crime should be viewed as the minimum requirement. On the other hand, the prosecution should have also the right to appeal against custodial sentences where other sentences would be more suitable to prevent the overcrowding of prisons or the blunting of the deterrent effect of a prison sentence. And perhaps one should not be so dismissive of the possibility of improving things by providing systematic refresher courses for judges and magistrates.

* *Soft Criminal Sentencing—Time for Reform. A Bow Group Paper—Bow Publications £4.00.*

† *Sentencing Young People. Gower Publishing £12.95 + £1.95 p & p.*

‡ (1982) 1 All ER 609.

F.T. CROSSWORD PUZZLE No. 5,935



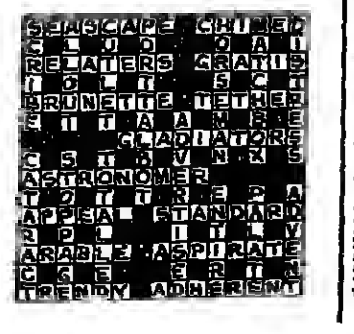
ACROSS

1 Tricks by atage engineers, back in France tomorrow (11)
7 Troubla you have with 22 down when 28 across is missing (3)
9 Somehow come to include "The First Assassin," a short literary piece (5)
10 Duty free, for example, brought back by bird (9)
11 Mutual dealings with, in proportion, the Spanish and the Poles (9)
12 Back the French girl's first year's entry in a chronicle (5)
13 Meeting to study diplomacy (7)
15 Placed a bat outside (4)
18 Swimmer Jack's returned to the vessel (4)
20 "The Swan" is no different to a Continental boarding-house (7)
23 A fresh idea with which many helped (5)
24 "Time to prepare" (the twin points to the name on the envelope) (9)
26 Never failing to find Pearl drunk, has about nine brought in (9)
27 The point is, in races it's an unexpected development (5)
28 To have 22 down without 7 across is revolutionary (3)
29 Laker rested, adjusting his hat (11)

DOWN

1 Sprinkling oil over cold cereal makes it sweet (8)
2 Taking a chance on doctor, 51, entering group (8)
2 The rest of the layers (5)
4 Take edvantage of the former pilot'a replacement (7)
5 A bad loser ought to accept an air spray (7)
6 A coupla of redheads race round, telling a story (9)
7 Retreat into craft which is burning (6)
8 Frankly, is merely taking Physical Education (6)
14 Acceptable in a group that's unhibited (9)
16 What makes a speaker more colourful? (8)
17 A forefather is found but no father, for Frances Hill (8)
19 Accompany a boy in a holiday resort (7)
20 After parking, goes off to get some propellers (7)
21 Trim paper carelessly behind front door (6)
22 7 Across and 28 across are liked very much! (6)
25 A bit more than an actor? (5)

Solution to Puzzle No. 5,934



APPOINTMENTS

Restructured board for Asda-MFI

The group chairman of the ASDA-MFI GROUP is to retire in October after the annual meeting. Mr Noel Stockdale, who has served ASDA for 47 years, goes as part of the restructuring of the group board. The group, formed when the two companies merged last April, reported poor interim results earlier this month. A non-executive chairman is to be appointed soon. Mr Derek Hunt, chairman of MFI, becomes chief executive and a deputy chairman of the group. Mr Roy Bousfield will continue as deputy chairman until his retirement in December 1987. Mr John Hardman continues as managing director of ASDA, and is appointed e deputy chairman of tha group. Mr Edward Lea is made group finance director in succession to Mr Derek Drew, who is taking early retirement. Mr John O'Connell is appointed managing director of MFI Furniture Group.

★

Mr Alan Daniels has been appointed to the board of CELAB-EXEM as product director. He was with Chloride Standby Systems from 1976 to 1985 as e product design engineer, head of product design, product engineering manager and finally technical manager.

★

Mr Will E. Spianey has been appointed group treasurer of EVERED HOLDINGS. He joined from Johnson Matthey.

★

Mr William Bull has been appointed sales director of TRANSINTERNATIONAL LIFE. Previously he was London regional sales director for Save and Prosper.

★

Mr Richard Bett has been appointed managing director of UNDERWOODS (CASH CHEMISTS and e director of Underwoods. Mr Julian Greenaway has been appointed a director of Underwoods (Cash Chemists).

★

Mr Richard L. Cowdell, managing director of Cego (Engineering), has been elected president of the ALUMINIUM FEDERATION for 1986. Mr Cowdell has served on the Federation's council and international relations committee for a number of years and was a vice-president during 1985.

★

TOZER VEHICLE SERVICES, one of the four main automotive groups within Tozer Kemsley & Millbourn (Holdings), has made three internal appointments. Mr Maurice Rourke is eppointed sales and marketing director of the Daihatsu companies (Daihatsu UK and Ireland). He was previously sales director of Daihatsu UK. Mr Martin Johnston is appointed operations director with responsibility for the operations of Seaking Group. He retains his responsibilities as after sales director of the Daihatsu companies. Mr John Dean is appointed finance director. He was previously finance director of Daihatsu UK, a responsibility he retains.

★

Mr Joel Block and Mr Trevor Rogers have been appointed as sales director and administration manager respectively for the newly-formed life and pensions divisions of the ROYAL LIVER FRIENDLY SOCIETY. Mr Block was with Manufacturers Life and Trident Life and Mr Rogers was previously Royal Liver's acturial services manager.

★

Mr David Small has been appointed general manager (housing) at the WOOLWICH BUILDING SOCIETY. He was previously general manager responsible for corporata planning and specialist housing. Mr Stanley Cummings has moved from assistant general manager (members' accounts) to assistant general manager (finance). Other new appointments at assistant general manager level are: Mr Huw Alderman (marketing), Mr Frank Bartlett (lending policy), Mr David Blake (corporate affairs), Mrs Jackie Riley (corporate planning), and Mr Michael Skinner (members' accounts).

★

CONTINENTAL LIFE ASSURANCE, e subsidiary of The Continental Corporation, is to appoint Mr I. Ross Bennet, managing director. Ha will replace Mr W. T. Green who will retira on January 31. Mr Bennet has been a consultant to The Continental Corporation for the past year after completing a 30-year career with the Commercial Union Group.

★

VALOR COMPANY is making a series of senior managerial appointments: Mrs Phyllis Oberman, the group'a first public affairs adviser, arrives from Paragon Communications, of which she was a founder and director. Mr Roger Shenton, works director at United Kintchens, joins from Wiggins Teape, where he was production manager. Following this appointment, Mr Peter Kemp is redesignated technical director, United Kitchens. Mr Lindsay Tait becomes managing director of Valor Electrical. He was previously sales director at Thorn EMI Major Electrical Appliances. Mr Michael Bridges, manufacturing director, Valor Heating, having formerly been works manager with Glavel Leisure, a Glynwed subsidiary. Mr Brian Allen is made purchasing manager/director designate, Heatrae Sadia Heating. He joins from TI Russell Hobbs where he was materials control manager.

★

Mr James Henderson has become managing director of BUTLIN'S HOLIDAYS. He was formerly managing director of his family's business in Yorkshire, Countrygroup. He succeeds Mr Bob Webb, who retired from Butlin's in November last year. Rank Holidays and Crecestion is part of the Rank Organisation.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd

Pearl Trust Managers Ltd (a)(g)

Perpetual Unit Trust Mngmt. (a)

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd

Provincial Unit Trust Managers Ltd

Prudential Unit Trust Mngrs Ltd

Quilter Management Co Ltd

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd

Scimitar Asset Management Ltd

Scottish Equitable Fund Mgrs. Ltd

Scottish Life Investments

Scottish Mutual Investment Managers Ltd

Scottish Provident Inv. Mgt. Ltd

Scottish Unit Managers

Scottish Widows' Fund Management

Sentinel Funds Mngmt Ltd

Standard Life Trust Mgmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)

Sun Alliance Fund Management Ltd

Sun Life Trust Mgmt. Ltd

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)

TSB Unit Trusts (b) (c) (y)

S Unit Trust Managers Ltd

Target Trust Mngrs. Ltd (a)(g)

Touche, Remnant Unit Trust Mngt Ltd

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd(a)(b)(c)

UK Provident Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd

Vanguard Trust Managers Ltd

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd

WestAvon Unit Trust Managers Ltd

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd

The Yorkshire General Trust

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Aetna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Ass. Co. Ltd

Baltic Assurance Funds

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co. Ltd

British National Life Assurance Co Ltd

Canada Life Group

Cannon Assurance Ltd

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Insurance Co Ltd

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd

Framlington Life Insurance Ltd

Friends' Provident Life Office

GT Management Ltd

General Accident Linked Life Assurance

Assicurazioni GENERALI SpA

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Ass. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd

Imperial Life Ass. Co of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Ltd

The LAS Group

Langham Life Assur. Co Ltd

Legal & General (Unit Assur) Ltd

Legal & General (UA)—Contd.

Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU

Legal & General Prop. Fd. Mgrs. Ltd

Liberty Life Assurance Co Ltd

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

Norwich Union Insurance Group

PBK Fund Management Ltd

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Property Growth Assur Co Ltd—Contd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd

Save & Prosper Group

Schroder Life Assurance Ltd

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

For New Zealand Ins. see Windsor Life Assur.

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $14.50 | +0.05 | ..

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $14.47 | -0.04 | ..
Inv. Adv.: M & G Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech | $12.69 | +0.15 | –
Dynamic Groth Fd | $11.67 | +0.05 | –

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey | 0481 26268
Zero Bond Fund | $10.62 | 11.25 | +0.15 | .

Money Market Trust Funds

	Gross	Net	Gr. Equiv. CAR	Int. Cr.
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.60	–	–	1 Mth
The Money Market Trust				
61 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fnd	11.60	9.47	12.64	Mth
7-day Fnd	11.71	8.70	12.03	Mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	11.26	8.42	12.29	Mth
7-day Fund	11.60	8.13	12.24	Mth
Dollar	6.07	–	–	Mth

Money Market Bank Accounts

	Gross	Net	Gr. Equiv. CAR	Int. Cr.
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031 225 8484				
Full Service Chq Acc	11.50	8.50	12.55	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.75	8.70	12.47	Qtr
High Int. Chq.	11.35	8.70	11.06	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	13.00	9.72	14.53	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH 01-628 8060				
Money Mkt Cheque Acc	12.15	9.00	11.53	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int Cheque	12.25	9.125	13.49	Qtr
Britannia Investment Services Ltd.				
74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	11.75	8.70	13.06	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.00	8.96	13.35	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus	–	9.30	13.93	Mth
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.50	9.34	13.83	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	12.50	9.34	13.93	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.15	9.00	13.53	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc.	12.04	9.00	13.14	6-mth
Lloyds Bank PLC				
71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.75	9.00	12.30	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH 01-409 3434				
14 Day Notice	12.500	9.344	13.349	–
M & G/Kleinwort Benson				
91-99 New London Rd. Chelmsford 0245 51651				
H.I.C.A.	12.00	8.97	13.37	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	11.71	8.75	12.55	Qtr
£10,000 +	12.04	9.00	13.30	Qtr
Oppenheimer Money Mgmnt Ltd				
66, Cannon St, EC4N 6AE. 01-236 1425				
Money Mngt. Acct.	11.00	8.22	13.97	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP 01-628 9171				
High Int Chq Acc	11.50	8.60	12.68	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc.	12.50	9.34	13.93	Mth
Royal Bank of Scotland plc				
29 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.25	9.08	12.42	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB 0708 66966				
H.I.B.A.	11.50	8.60	12.03	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	12.14	9.07	13.41	Qtr
Money Acc.	12.04	9.00	13.29	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.29	8.91	12.49	Mth
Over £10,000	11.50	8.60	12.79	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc.	12.69	9.43	13.97	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◇ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp.	27	Midland Bk.	35
BSR	8	NEI	10
BTR	33	Nat West Bk	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	21
Blue Circle	50	Racal Elect	15
Boots	18	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	17	Sears	11
Brown (J.)	3½	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons.	18	Trust Houses	12
Comm Union	23	Turner Newall	9½
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs.	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	78	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brest. Oil & Min	3½
Hanson Tst	18	Brit Petroleum	45
Hawker Sidd	36	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	20
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	30

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Fraud fears hit Antwerp diamond trading

By Paul Cheeseright in Brussels

UNCERTAINTY has swept over the Antwerp diamond market following the disclosure that Kirschen Roger, a leading stockbroking house in the city with strong links to the diamond community, is being investigated for tax fraud.

Trading has slackened off this week, the Diamond High Council, representing tho industry, said yesterday.

No figures were availoble, said an official, but he noted thot an Italian buying mission had decided to stay away because of the investigation. The Council fears that speculation about the probity of the diamond markot will scare tho industry away to other centres.

Judge Benoit Dejemoppe, a Brussels oxamining magistrato, and a tax inspection team are seeking to establish whether Kirschon Roger, two partnors of which are free on hail, has been:

● Passing out dividends on stocks without deducting a 25 por cont withholding tax and

● Buying and solling precious metals for clients without paying 1 per cent value added tax.

Although the investigation is directed al tho affairs of a stockbroker and not a diamond broker, the diamond trading community has become implicated becauso many of its members are clients of Kirschen Roger.

The Kirschon Rogor offices are in the hoart of tho Antworp diamond quarter.

So far the confusion in Antwerp over tho ramifications of tho affair has not affected diamond prices which, in any case, tend to move slowly.

In recent months prices have been odging upwards. Tho Antworp Diamond Index for small brilliant gemstones has had six successive monthly rises from 86.6 in August to 90.0 this month.

But the fraud investigation appears to hove checked rising interest in the market. Trading levols this month had until last weekend been highor than is usual in January, traditionally slack aftor Christmas.

Brazil to buy Canadian wheat

CANADA has reached an agreement to sell np to 4.5m tonnes of wheat to Brazil undor a long term deal, according to Wheat Board Minister, Mr Charles Mayer, reports Reuter from Ottawa.

Mr Mayer sold the deal calls for Brazil to buy between 750,000 tonnes and 1.5m tonnes of wheat annually in 1986, 1987 and 1988. Pricing and othor details hove not been releosed.

Australia launches drive for marketing efficiency

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S ten primary industry Statutory Marketing Authorities (SMAs) are to be overhauled to maximise efficiency in marketing Australian agricultural products on depressed world markets.

The primary industry minister, Mr John Kerin, released a governmont policy statement yesterday to coincido with tho opening of the annual National Agricultural Outlook Conference.

The conference is being held against a background of gloomy statistics from the Bureau of Agricultural Economics showing tho real value of Australian rural production will fall by 20 to 25 per cont this year; that some farms will make losses and that rural indebtedness shot up by 21 per cent last year.

The ten marketing authorities, which cover wool, wheat, meat and livestock, dairy produce, fresh, canned and dried fruit, honey, wine and tobacco, will ho constituted on a corporate basis. They will be freed of many previous restrictions to enable them to compete on world markets aggressively and commercially.

Mr Korin said in face of EEC and US export subsidisation policies Australia's farmers, who wore among tho world's most efficient, were having an "enormous battlo" to hold their share of agricultural markets.

He urged farmors to look to prodoctivity increases, better on-farm management and better markoting. Australia would not got into "competitivooess subsidisation" because it did not have tho resources and believed it was against overy ono's long term interest, Mr Kerin said.

While the primary industries minister was preoching to the converted at home, his colleague the trade minister, Mr John Dawkins, was on his way to Europe for a round of discussions with the EEC and tha US where ho will press tho need to tackle what hedescrihed as "a proliforation of protoctionist and prodatory trading practices."

Aluminium price rise forecast

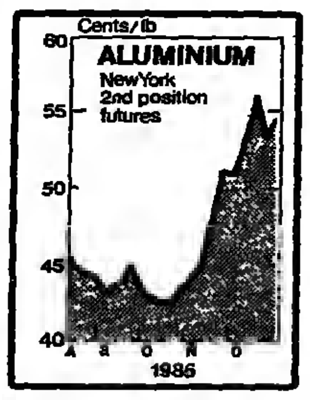
BY STEFAN WAGSTYL

ALUMINIUM prices are sot for a sustained but unspectacular increase to average 60 US cents a pound in 1986 against 47.6 cents last year, says broker Shearson Lehman Brothors.

In its annual review of the aluminium industry*, Shearson echoes the views of several othor forecasters who havo also singlod out aluminium from other base metals to predict for it modorate price increasos over the coming year.

Shearson expects stocks of aluminium in Western countries to continue falling with forecast consumption in 1986 at 12.25m tonnes (12.65m) outstripping production of 11.6m tonnes (12.25m). The slight fall in production is expected to come from a small reduction in the industry's capacity use—from 83 per cent in 1985 to 79 per cent this year.

Shoarson expects that leading producers will keep closod the plants mothballed in recent years and carry out further capacity cuts. Expansion in Canada, Brazil and olsewhere will not offset tho huge capacity cuts mado in Japan, the US and parts of Western Europe, says the broker.



Shoarson says, however, that a spectacular rise in prices is unlikoly becauso there is too much idle capacity which can be reactivatod if prices reach 70 cents a pound. The US producers are seen as tho world's swing producers—with relatively high operating costs thoy ore expected to be tho first to cut capacity in response to depressed market conditions.

The Australian trade ministor, Mr John Dawkins, will hold talks in Zurich today with the new chief executive of Alusuisse, Mr Jucker, and the former chiof executivo who is now chairman of Austraswiss, Dr Sorato about a dispute which threatens to halt alumina exports from the Swiss aluminium subsidiary in Australia, writes Patricia Newby in Canberra. Mr Dawkins has refused to approve export licences for alumina bound for Alusuisse because ho believes tho price charged is not "fair and reasonahlo."

Annual Review of the World Aluminium Industry 1986, Shearson Lehman Brothers, Peninsular House, 36 Monument Streot, London EC3.

Peruvian labour minister to meet copper strikers

BY DOREEN GILLESPIE IN LIMA

LEADERS OF the 6,000 striking workers of tho Southern Peru Copper Corporation are duo to meet Mr Carlos Blancas, the lahour minister, today.

The workers voted yesterday to continue the indefinite strike, which began on Monday and could now become entangled in political in-fighting. The company, 52 per cent owned by Asarco of the US, accounts for some 70 per cent of Peru's copper prodnction and in 1984 produced ahout 280,000 tonnes out of a national total of 405,000 tonnes. Concentrators at Cuajone and Toquopala process 50,000 and 30,000 tonnes a day of ore respectively. The Ilo smelter, closed by the strike, produces 725 tonnes a day of blister.

Unions have been negotiating thoir annual wage claims with the company fot two months. Talks have broken down over demands by the unions for sharp pay increases. If accepted by the company take home pay would rise from the current equivalent of $100 per month to $400.

Call to end timber pact deadlock

COUNTRIES which produce and consume tropical timber were strongly criticised yesterday for "wasting time" in implementing the International Tropical Timber Agreement.

The environmentalist groups Friends of the Earth International and the International Institute for Environment and Development have written to member governments of the Agreement, which was fully ratified last year, urging them to hreak the current deadlock over administrative details.

Mary Frings on the aftermath of a four-year run of frosts

Florida's citrus 'graveyards'

FLORIDA'S thousands of citrus growors are keeping thoir fingers firmly crossed this week as they harvest their orango crop. As they wore forcibly reminded on Tnesday, whon a froeze loomod over the stato, January can be tho cruellest month for the large and lucrative orango juico industry.

In the first half of this docado, four successive freezes in tho state with place-names like Wintorhavon and Frostproof have killed 11m orange and 900,000 grapefruit troes, taking nearly a quartor of tho total citrus acreage out of production. As if that wera not onough, growers have also heen threatened by the reappearance of a devastating disease known as citrus cankor.

In the evont, this woek's freeze turned out to bo relatively minor. But Florida is not yet out of the woods; another serious frost would be a body hlow to an industry which was just beginning to recover from tho setbacks of the last few years.

The citrus industry is as vital to Florida as orange juice has become to health-conscious Americans. The $7.5bn-worth of economic activity which it genorates is second only to tho $16bn the state gets from tourism. Thoro are 16,000 growers and 60,000 people omployed in jobs ranging from harvosting to research. Research at the University of Florida suggests that indirectly the industry accounts for another 80,000 johs.

The 1985 inventory shows just under 643,000 acres of citrus groves, dovoted 75 per cent to oranges, 18 por cent to grapefruit and the rest to limes and "zipper-skin" fruits such as tangerines and tangelos.

The good news this year is that recovery from the twin hlows of back-to-hack freezes and canker has beon faster than officials had dared to hope, largely as a result of increased production from tho Indian River region on tho east coast and new plantings in the south.

Before Tuesday's freeze, the Crop and Livestock Reporting Service was estimating the new orange crop at 132m 90-pound boxos, a 27 per cent increase over last season's 104m.

But it is still a far cry from the record 206m boxes produced in the last "normal" season, in 1979-80. And prices are now woll below what they were before tho last serious freeze in January 1985.

A Lake County grove after tho ravages of last January's frost

Historically, citrus has been among tho most profitable agricultural businesses of all. Thousands of groves are held as investmonts hy insurance companies such as Prudential and Motropolitan Life. It takes four years to hring a grove into production aod 15 years to recoup the investment hut a well-cared-for grove can have a productive lifo of between 60 and 70 years.

But that profitability is now being eroded hy the twin effects of the drop in Florida's production and increasing competition from Brazil.

The really devastating freezes came at Christmas 1983 and on January 20 and 21 1985. These turned the hrilliant green and gold of the central Florida citrus groves to a desolate grey. Driving through Lake County, which used to be the second largest producing region after Polk County, is like visiting a graveyard. It now has only 12,000 acres of groves left compared with 123,000 before.

The movoment of prices has reflected these developments. Before January 1985, growers were getting $1.50-$1.60 a pound of fruit solids (of which a 90-lb box of oranges yields an average 5.5 lh), less the costs of picking and haulage. After the freeze of that month, prices rose to $1.75 and would have gone sky-high if it were not for imports of frozen concentrated orange juice (FCOJ) from Brazil, according to industry officials.

Then camo the slido. Aftor May, some growers started contracting their new crop for $1.35 per pound of solids; othors hold out for a bettor price, but have since seen a continuous decline. Tho going rate is now between 85 and 90 cents.

Brazil has rapidly moved into the breach loft by Florida. It has taken over as the wotld leador in FCOJ, with oach Florida freeze giving it a stronger grip on the markot.

The initial Brazilian orange crop projection for this yeat was 220m hoxes, with 203m of them being used for FCOJ. Recent reductions in Brazil's export prices have kept the delivered-in price of Brazilian FCOJ at a Florida juice plant competitive, despite the addition of shipping and transport costs, a 34-cent per pound US tariff and a 2.6 per cent local tax.

It also gives the Brazilian product a distinct advantage on the New York market, and has virtually driven American FCOJ out of Europe.

Coca Cola, which claims a 20-25 per cent share of the domestic orange juice market for its Minute Maid brand, is the biggest single grove-owner in Florida, with 22,000 acres. But these groves can only meot between 15 and 20 per cent of the needs of its two juice plants at Auhurndale and Leeshurg. Last year the proportion of Brazilian FCOJ used was as high as 50 per cent, hut it has now fallen to between 20 and 30 per cent.

Aware of tho difficulties in Florida, the company is planning a 25,000-acre citrus devolopment in Belize as part of a long-term strategy to diversify its sources of supply.

Within the stato's own citrus industry, a structural change is undorway, with groves moving increasingly to the sooth to minimise the risk of frost, and estates growing larger. As a result, there may coma a time when citrus growing is dominated by largo corporations rather than growers' co-operatives.

The University of Florida's Institute of Food and Agricultural Sciences reports that half the growers in tha 14 hardest-hit countries — whose combined crop last year amounted to only 1m boxes compared with 56.7m in 1982-83—are Intending to replant.

But many are waiting to see what this season hrings, while others have been delayed by a shortago of nursery trees following tho reappearance of citrus canker in August 1984, for the first time in more than 50 years.

The hurning of 18m young saplings and a ban on the movement of any trees from nurseries with suspect rootstock have so far kept the diseaso out of the commercial groves, and tho authorities have mounted a rigorous control programme. But infection is easily spread: in the outbreak in 1912, a casual labourer known as Canker John carried it to each of the nurseries where he worked.

Above all, the trouhles of tho last few years have created deep uncertainty among many growers, particularly in the areas worst hit by the freezes. Mr Richard Kinnoy of Lake County is probahly typical when he says:

"I'm going to try once more to come back and if I get hit this year I'll quit. You can put your heart and soul into something only so many times."

LONDON MARKETS

THE DECLINE in coffee futures prices gathered pace yesterday as heavy speculative selling took values through established resistance levels. Tho overnight fall in New York was matched soon after the opening with a decline of around £120 in the nearby positions. But a spate of fresh speculative selling prodoced a snowball effect as stop-loss orders were triggered and chart indications began to point firmly downwards. By the close the March position was £256 down ot £2,222.50 a tonne—the lowest level since December 13. But despite the £389 aggregate fall ovor the last two days some traders were still insisting that coffee prices would resume the upward path which lifted tho March quotation to £3,100 a tonne earlier this month. They said fundamentals remained essentially unchanged and forecast that prices would rise strongly once the current wave of depression had worked itself out and as the approach of the Brazilian frost season began to weigh on coffee hrokers minds.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	797-8	+1	790/790
3 months	825-6	—	828/814

Official closing (am): Cash 789-90 (793-5); three months 819-20 (821.5-2); settlement 790 (793.5). Final Kerb close: 824.5-5. Turnover: 15,525 tonnes.

COPPER

LEAD

NICKEL

ZINC

GOLD

SILVER

MEAT

INDICES

FINANCIAL TIMES

REUTERS

DOW JONES

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

COCOA

COFFEE

FREIGHT FUTURES

GRAINS

SUGAR

SOYABEAN MEAL

POTATOES

US MARKETS

PRECIOUS METALS traded mostly firmer on growing expectations of a US discount rate cut, reports Heinold Commodities. Copper and aluminium were generally under pressure from arbitrago selling and slow cash interest. Trade selling, possibly on producer account, led to pressure on sugar values. Coffee registored sharp losses on good nearby availability and reports that Colombia and Brazil are considering cuts in their minimum registration prices. A rally attempt in cocoa was short-lived as light origin offerings emerged. Cotton traded firm on good trade buying linked to short-covering ahead of yesterday's USDA announcement on 1986 agricultural programmes. The energy markets were weak in response to a sharp build-up in crude oil stocks as reported in the weekly trade stocks report. The grain complex came under pressure ahead of the USDA programme announcement. The soyabean complex remained mixed on weak product demand.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	53.86	—	—	54.30
Feb	53.90	—	—	53.65
March	54.25	54.50	54.10	54.85
May	54.60	54.85	54.60	55.20
July	55.06	55.20	55.20	55.65
Sept	55.55	—	—	56.15
Dec	56.30	—	—	56.90
Jan	56.55	—	—	57.15

CHICAGO

OIL

RUBBER

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar moves closer to Y190

The dollar moved closer to the Y190 level against the Japanese yen yesterday, in spite of a cut in the Bank of Japan's discount rate. A reduction in the Japanese discount rate had been widely expected and had no impact, although dealers are by no means convinced that the Federal Reserve, and other central banks from Group of Five countries, will answer Mr Noboru Takeshita, the Japanese Finance Minister's, call for a general reduction in interest rates. Yesterday's figures on US non-farm productivity were disappointing, and the market awaits today's data on US leading indicators and merchandise trade for further guidance on the economy. No cut in the US discount rate is expected, however, at least until the next unemployment figures on February 7.

The dollar fell to its lowest level since December 1978 against the yen at Y194, compared with Y195.60, and to the lowest since March 1983 against the D-mark at DM 2.3875 compared with DM 2.3970. It also declined to FFr 7.3250 from FFr 7.3625, and SFr 2.0215 from SFr 2.0320.

On Bank of England figures the dollar's exchange rate index fell to the lowest since May 1983, at 123.4, against 123.9 on Tuesday.

STERLING — Trading range against the dollar in 1985-86 is 1.4885 to 1.0525. December average 1.4555. Exchange rate index fell 0.5 to 74.2, compared with 84.7 six months ago.

Sterling suffered again from oil price fears, as prices of North Sea oil fell, and dealers remained apprehensive of Opec reaction to the UK refusal to limit production. The pound fell ½ cent to $1.4020-1.4030, and also declined to DM 3.3475 from DM 3.38; FFr 10.2725 from FFr 10.38 SFr 2.8350 from SFr 2.8650 and Y272 from Y275.75.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.3875. December average 2.5120. Exchange rate index 132.9 against 125.4 six months ago.

The D-mark gained ground against the dollar, after trading in a fairly narrow range, as dealers assessed the implications of Japan's discount rate cut. There was no suggestion from the German authorities that the Japanese Finance Minister's call for other members of the Group of Five to lower interest would meet with a favourable response. The dollar was again at its lowest level against the D-mark since early 1983. It was fixed at DM 2.3830, the lowest Frankfurt fixing since March 17, 1983, and compared with DM 2.4026 on Tuesday. The Bundesbank did not intervene.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 263.15 to 194.00. December average 202.747. Exchange rate index 182.0 against 157.6 six months ago.

The yen improved against the dollar in Tokyo yesterday, and although the Bank of Japan waited until the foreign exchange market closed before announcing a cut in its discount rate, there was no indication later in Europe that this had any impact. The reduction of ½ per cent to 4½ per cent was widely expected, and did not prevent the dollar falling to Y193 in early European trading, which was below the Tokyo low of Y193.85, at the time the lowest level since December 1978. The dollar closed in Tokyo at Y194.30, compared with Y195.40 on Tuesday, after a day of heavy trading when spot dollar/yen volume through brokers totalled a record $5.17bn.

£ IN NEW YORK

Latest	Jan. 29	Prev. close
£ Spot	$1.4005-1.4015	$1.4060-1.4070
1 month	0.53-0.50pm	0.50-0.49pm
3 months	1.58-1.54pm	1.56-1.53pm
12 months	5.30-5.20pm	5.24-5.14pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Jan 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.3960-1.4150	1.4020-1.4030	0.51-0.48c pm	4.24	1.63-1.59 pm	4.59
Canada	1.9820-1.9951	1.9845-1.9855	0.29-0.21c pm	1.51	1.07-0.93 pm	2.02
Nethlnd	3.7799-3.7966	3.7820-3.7830	2⅛-1⅛c pm	6.36	6¼-6 pm	6.48
Belgium	68.20-68.77	68.40-68.50	11-5c pm	1.40	20-13 pm	0.96
Denmark	12.30-12.40	12.34⅞-12.35⅞	4⅞-3⅞ore pm	3.40	10⅞-10⅞ pm	3.40
Ireland	1.1025-1.1155	1.1045-1.1055	0.07-0.28c dis	−1.00	.19-.68 dis	−1.61
W. Ger	3.3324-3.3588	3.3470-3.3480	2⅞-2pf pm	7.44	6⅞-6⅞ pm	7.74
Portugal	216.84-218.80	217.15-218.71	125-425c dis	−16.12	295-1105dis	−12.83
Spain	210.05-211.70	210.71-211.00	36 pm-5 dis c pm	0.85	40 pm-75 dis	0.28
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 69.45-69.55. Six-month forward dollar 3.14-3.09c pm. 12-month 5.40-5.25c pm

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3950-1.4150	1.4020-1.4030	0.51-0.48c pm	4.24	1.63-1.59 pm	4.59
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 48.50-48.60.

CURRENCY MOVEMENTS

Jan. 29	Bank of England Index	Morgan Guaranty Change %
Sterling	74.2	−17.3
U.S. dollar	123.4	+15.8
Canadian dollar	78.9	−12.8
Austrian schilling	128.8	+6.7
Belgian franc	93.6	−5.6
Danish Kroner	84.2	−2.1
Deutsche mark	132.9	+10.2
Swiss franc	152.9	+12.9
Guilder	122.0	+8.0
French franc	70.9	−10.6
Lira	45.8	−16.5
Yen	182.0	+33.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Jan 29	£	$
Arg'tina	1.1204-1.1287	0.8000-0.8010
Aus'alia	1.9610-1.9660	1.0989-1.4013
Brazil	16,651-16,690	11,898-11,950
Finland	7.5000-7.5124	6.3660-5.3580
Greece	204.61-206.46	146.50-147.00
H'kong	10.9300-10.9700	7.8030-7.8050
Iran	117.90*	83.60*
Kuwait	0.4025-0.4035	0.28740-0.28755
Lux'bung	68.40-68.50	48.75-48.85
Malay'as	3.4480-3.4580	2.4615-2.4635
N'Z'land	2.6430-2.6530	1.8868-1.8921
Saudi Ar.	5.1180-5.1830	3.6508-3.6518
Sin'pore	2.9895-2.9985	2.1330-2.1360
S.Af.(Cm)	3.1979-3.2223	2.2883-2.2956
S.Af.(Fn)	4.2468-4.3122	3.0503-3.0768
U.A.E	5.1486-5.1540	3.6725-3.5735

* Selling rate.

EXCHANGE CROSS RATES

Jan 29	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.403	3.348	272.0	10.27	2.835	3.783	2283.	1.985	68.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

CURRENCY RATES

Jan. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.793530	0.648918
U.S.$	7½	1.10999	0.906001
Canadian $	10.33	*	1.28498
Austria Sch.	4	19.6090	15.2808
Belgian Fr.	8¾	54.8230	44.2853
Danish Kr.	7	9.76070	7.98323
D'mark	4	2.64811	2.16398
Guilder	0	2.99586	2.44530
French Fr.	9½	0.13683	6.64325
Lira	15½	N/A	1474.97
Yen	5	215.356	176.628
Norway Kr.	8	8.25853	6.75650
Span'h Pta.	—	166.666	136.308
Swedish Kr.	8½	8.35436	6.81902
Swiss Fr.	4	8.83885	1.83103
Greek Drch	20½	162.636	132.548
Irish Punt	—	N/A	0.716358

*C$/SDR rate for January 28: 1.57110.

STERLING INDEX

	Jan 29	Previous
8.30 am	74.6	74.2
9.00 am	74.5	74.5
10.00 am	74.5	74.8
11.00 am	74.4	75.1
Noon	74.0	75.2
1.00 pm	74.1	75.1
2.00 pm	74.1	75.1
3.00 pm	74.2	74.7
4.00 pm	74.2	74.7

EURO-CURRENCY INTEREST RATES

Jan. 29	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sw. Franc	¼-½	11-11¼	4⅞-4⅞	4⅞-4⅞	4⅞-4⅞	4⅞-4⅞
Deutschmrk	4⅞-4⅞	4⅞-4⅞	4⅞-4⅞	4⅞-4⅞	4⅞-4⅞	4⅝-4¾
Fr. Franc	12-10	15-17	10⅛-16	15¼-16¾	14⅝-14⅝	16¾-10⅛
Italian Lire	15-20	20½-23	20½-21½	19⅛-19⅛	17⅝-17⅛	10¼-15⅞
B.Fr.(Fin)	8⅞-8⅛	9¼-9¼	9¼-10	9¼-10	9¼-9¾	9¼-9½
Br.Fr(Con)	9⅝-9⅝	10⅛-11⅛	11½-16	11¾-12¼	10¾-11¼	8¾-10¼
Yen	7-7¼	6¾-6⅞	6⅛-5¼	6⅛-6¼	6⅞-6⅞	6⅞-6⅞
D. Krone	8⅝-8⅛	9⅝-9⅛	8¾-9¼	8¾-9¼	9-9⅛	9-9⅛
Asian $ (Sng)	7⅞-7⅞	7⅞-8⅞	7⅞-8⅞	7⅞-8⅞	7⅞-8⅞	8⅛-8¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: two years 8½-8¾ per cent; three years 8⅞-9⅛ per cent; four years 9⅛-9⅜ per cent; five years 9¼-9½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.2853	−1.22	+1.11	±1.5425
Danish Krone	8.12857	7.98323	−1.79	+0.54	±1.6421
German D-mark	2.23840	2.16398	−3.32	−0.99	±1.1455
French Franc	6.86402	6.64325	−3.22	−0.89	±1.3654
Dutch Guilder	2.52208	2.44530	−3.04	−0.71	±1.5162
Irish Punt	0.724578	0.715358	−1.27	+1.06	±1.6673
Italian Lira	1520.60	1474.87	−3.00	−1.70	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FUTURES FINANCIAL

Short sterling eases

Short sterling prices finished above the day's lows but still down from Tuesday in the London International Financial Futures Exchange yesterday. Values were marked down at the start in line with a softer pound and a rise in cash rates. While a half-point cut in the Japanese discount rate failed to affect market sentiment, comments by the Japanese finance minister suggesting that other G5 nations would also cut key lending rates pulled prices back sharply from the day's lows.

The market briefly showed an improvement over Tuesday's close but failed to sustain the early recovery. Concern about lower oil prices and the effect on sterling left the market uneasy while next week's UK money supply figures are expected to show a large rise in bank lending according to many dealers. The March three-month sterling price opened at 87.25 down from 87.28 on Tuesday and touched a low of 87.04 before recovering to a high of 87.30. It closed at 87.16.

Gilt prices acted in much the same way, opening at 108-10 for March delivery and easing to a low of 107-23 before coming back to touch a high of 108-15. It closed at 108-13 down from 108-18.

Eurodollar prices were again confined to a narrow range with the market showing no clear overall trend. A half-point cut in the Japanese discount rate had been expected for some time but the market showed some concern over the dollar's weaker performance against the yen. Three-month Euro-dollars for March delivery opened at 92.13 up from 92.11 and traded in a narrow seven-point range before finishing at 92.15.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4025	1.3976	1.3884	1.3714	1.3493

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.3940	1.3970	1.3890	1.3896
June	1.3800	1.3820	1.3740	1.3845
Sept	1.3680	1.3680	1.3600	1.3706
Dec	—	—	—	1.3595

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.3905	1.4020	1.3880	1.3996
June	1.3750	1.3755	1.3738	1.3845
Sept	1.3630	1.3730	—	1.3705

Estimated volume 205 (515)
Previous day's open int 2,125 (2,030)

LIFFE—DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4203	0.4219	0.4201	0.4102
June	0.4237	—	—	0.4136

Estimated volume 78 (18)
Previous day's open int 220 (190)

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	108-13	108-15	107-23	108-18
June	108-03	—	—	108-08
Sept	108-02	—	—	108-07

Estimated volume 5,722 (5,584)
Previous day's open int 7,186 (7,086)

[illegible]

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

MONEY MARKETS

Uneasy calm pushes UK rates firmer

Interest rates were a little higher where changed in London yesterday. Tuesday's better tone evaporated as sterling retreated in line with lower oil prices. Attention is now likely to focus on next week's UK banking statistics with early market estimates painting a far from rosy picture. Three-month interbank money finished at 12⅞-12⅝ per cent up from 12⅝-12⅞ per cent while three-month eligible bank bills were bid at 12⅝-12⅞ per cent compared with 12½-12⅞ per cent. Overnight money opened around 12 per cent and touched a high of 13½ per cent before drifting away to around 4 per cent.

UK clearing banks base lending rate 12½ per cent since January 9

The forecast was revised to a shortage of around £550m before taking into account the early help and the Bank gave additional assistance of £118m in the afternoon. This comprised purchases of £1m of eligible bank bills in band 1 at 12⅞ per cent, £66m in band 2 at 12⅞ per cent and £51m in band 4 at 12⅞ per cent. Late assistance came to £35m, making a total of £577m.

The Bank of England forecast a shortage of around £600m with factors affecting the market including maturing assistance draining £447m and Exchequer transactions a further £30m. There was also a rise in the note circulation of £85m and banks brought forward balances £50m below target. To help alleviate the shortage, the Bank offered a round of assistance and bought £333m of bills outright, comprising £10m of eligible bank bills in band 2 at 12⅞ per cent, £40m in band 3 at 12½ per cent and £283m in band 4 at 12⅞ per cent.

Further help was given in the morning of £91m. This comprised outright purchases of £11m of eligible bank bills in band 2 at 12⅞ per cent, £68m in band 3 at 12½ per cent and in band 4 £2m of local authority bills and £10m of eligible bank bills all at 12⅞ per cent.

In Frankfurt call money was quoted at 4.65-4.80 per cent, prompting the Bundesbank to arrange currency swaps for the second day running. Designed to add temporary reserves to the money market, the swaps will mature next week, thus helping commercial banks through a difficult period as short term money is sought heavily to meet end of month requirements. While preventing rates from rising, the Bundesbank has so far shown little desire to see rates fall in the light of yesterday's cut in the Japanese discount rate. However there may be some indication early next week as the authorities are expected to announce a new sale and repurchase facility to offset a maturing agreement on Wednesday of DM 10.4bn.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	7⅞
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	0.54
Two month	6.98
Three month	7.14
Six month	7.38
One year	7.58
Two year	7.99
Three year	8.21
Four year	8.37
Five year	8.50
Seven year	8.85
10 year	9.02
30 year	9.30

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 29)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 15/16	offer 8 1/16	bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Jan. 29	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MONEY RATES

Jan. 29	Over night	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Company Notices

THE MERSEY DOCKS AND HARBOUR COMPANY

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Mersey Docks and Harbour Company will be held in the Conference Room at the Port of Liverpool Building, Pier Head, Liverpool at 11.00 a.m. on Monday, 3rd February, 1986 when the following resolution will be proposed as a special resolution:

"That the Bill, introduced into Parliament, promoted by the Mersey Docks and Harbour Company, in the Session 1985/86 and entitled 'A Bill to apply certain provisions of the Companies Act 1985 to the Mersey Docks and Harbour Company; to enable the Port of Liverpool Police Federation to represent its members at disciplinary proceedings; and for connected or other purposes.' which has been submitted to this meeting be and the same is hereby approved subject to such additions, alterations and variations as Parliament may see fit to make therein and the Mersey Docks and Harbour Company may approve."

Copies of the Bill may be inspected and obtained at the office of the Secretary at Port of Liverpool Building, Pier Head, Liverpool L3 1BZ, and may also be inspected at the offices of Pemberton Boyle, 30 Finsbury Circus, London EC2P 2HD, during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 31st January 1986.

By Order of the Board
W. J. ROWLEY
Secretary

Port of Liverpool Building,
Pier Head,
Liverpool L3 1BZ.
9th January, 1986.

Legal Notices

VIVARCH LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the creditors of Vivarch Limited, T/A Les Gabriel Meats, will be held at 46 Rodney Street, Liverpool L1 9AA, on Tuesday the 4th day of February 1986 at 3.30 o'clock in the afternoon, for the purposes provided for in Sections 589 and 590.

Dated the 20th day of January 1986.
L. W. GABRIEL,
Director

Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. 113th ANNUAL WATERCOLOUR EXHIBITION. Until 21st February. Mon.-Fri. 9.30-5.30, Thurs. until 6.30.

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Exch. 11¾pc '86	99	.....	11.76	12.52
99	96¾	Treas. 10pcCnv 1986	99	.....	10.06	12.64
97	92	Treas 3pc 1986	97	.....	3.07	10.97
100	97½	Exch. 10½pc 1986	99	...	10.57	12.77
101¾	99	Treas 12pc 1986	99	...	12.04	12.74
98	94	Treas 8¼pc 1984-86‡‡	98	...	8.64	12.41
105	100	Exch. 14pc 1986	100	–	13.89	12.68
95	87	Exch. 2½pc 1986	95	–	2.63	8.76
104	100	Exch. 13¼pc 1987	100	–	13.16	12.47
99	96	Treas 10¼pcCv '87	97	–	10.46	12.47
93	85	Exch 2½pc 1987	92	–	2.69	9.70
100	96	Exch. 10½pc 1987	97	–	10.73	12.43
95	89	Funding 6½pc '85-87‡‡	94	–	6.91	11.71
99	95½	Treas. 10pc 1987	97	–	10.29	12.26
92	84	Treas 3pc 1987	91	.....	3.29	9.65
102	99	Treas. 12pc 1987	99	–	12.02	12.07
95	90	Treas 7¾pc 1985-88‡‡	93	–	8.30	11.57
100	95	Exch 10½pc '88	97	–	10.78	11.80
98	93	Treas 9¾pc Cv '88	95	.....	[illegible]	11.81
87	80	Transport 3pc '78-88	86	–	[illegible]	9.18
97	91½	Treas. 9½pc '88	94	.....	[illegible]	11.83
102	97½	Treas 11½pc 1989	99	.....	[illegible]	11.74
97	90	Treas 9½pc Cnv. '89	94	.....	[illegible]	11.75
84	79	Treas 3pc 1989	83	–	[illegible]	9.09
99	94	Treas 10½pc 1989	96	–	[illegible]	11.68
98	92	Exch 10pc 1989	95	..	[illegible]	11.75
101	95	Exch 11pc 1989	97	.....	[illegible]	11.68
86	79	Treas 5pc 1986-89	84	–	[illegible]	9.97
99	95	Exch 10¼pcCv '89	96	–	[illegible]	11.54

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
104	63	♦Midland Marts	88		4.0	2.1	6.5	10.5
♦83½	55½	Mitchell Cotts	72	+2	4.25	2.0	8.4	♦7.3
87	78	♦Monks & Crane 10p	87	+1	bq2.7	2.7	4.4	12.0
247	182	Morgan Crucible	247	+2	8.5	1.6	4.9	11.1
33	16½	♦Morris (W) F 4 20p	16½	−½	q0.5	♦	4.3	♦
131	91	Moss (Robt.) 10p	105		†3.0	2.7	4.1	11.3
81	60	Myson Grp 10p	73		u2.5	3.4	4.9	13.9
330	214	♦NMW Computers	290	+10	†4.8	2.7	2.4	22.3
43	27	Nash Inds	27		0.5	—	2.6	—
40	15	Neil & Spencer 10p	20		♦	—	—	6.0
44	14½	Newman Inds 10p	32		20.3	—	1.3	(15.1)
58	26	Nolton	55	−3	0.95	2.6	2.5	7.9
216	146	Norcros	190		†8.5	2.0	6.5	10.3
67	45	Nu-Swift 5p	51	+1	73.0	1.9	0.4	.05
114	68	Oakwood Grp	80xd		5.0	♦	8.9	♦
250	150	Office & Elect	203		†7.5	2.6	5.3	10.4
100	75	Oldacre 20p	75		14.0	2.6	7.8	6.5
55	34	♦Ommnevics $0.01	34		u0.02c	—	4.6	—
525	312½	Oriflame £1	500		†23.4	1.8	4.7	£18
18	5½	Overstone 12½c	9		q0.3 23c	1.9	10.6	5.0
£271	£158	Ozalid 9pc Cnv 87-92	£264	+3	Q9%	—	—	—
185	95	♦PCT Grp 10p	95	−5	3.2	1.2	7.0	29.4
£14	850	PLM 'B' Sk 25	950		Q21.6%	2.9	5.2	6.7
193	114	PSM Intl	318	−2	†q05.25	2.5	6.4	8.1
193	115	♦Pacer Systems 10 Cl.	375		bq3.84c	—	1.7	—
68	50	♦Pacific Sales 10p	65		3.0	2.1	6.6	8.5
243	128	Park Place 10p	225		6.25	1.9	4.0	18.9
296	165	Parker Knoll 'A'	263	+1	9.5	2.9	5.2	9.6
238	45	♦Parkfield Group 5p	216		†2.4	2.4	1.6	36.1
80	37	♦Pavion Intl.	47	−1	—	—	—	—
£190	£101	Do 11pc CrLn '94-02	£115		R11%	—	9.9	—
435	287½	Pearson	408	−2	†18.5	3.0	3.0	14.5
29	12	Peek Holdings	15		—	—	—	—
94	71	Peerless	94	+4	6.3		9.6	—
362	98	Pentland 10p	320		h0.87	70.4	0.4	14.4
825	440	Photo-Me	825		5.08	7.7	0.9	10.7
341	240	Pilkington Br. £1	341	+1	12.5	2.5	5.2	8.4
£320	£225	Pitney-Bowes Cnv Ln	£308	+6	Q5½%	—	—	—
68	48	Plastic Constr. 10p	58		q2.67	1.4	6.6	(13.3)
[illegible]								

LEISURE—Continued

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
115	90	♦Lewmar	105	+2	bq2.63	3.0	3.6	[illegible]
220	153	♦Mecca Tvem Int 20p.	210	−2	q2.58	5.4	1.0	[illegible]
205	124	Medminster 10p	145	−5	5.35	2.0	5.3	[illegible]
280	135	♦Micro World 10p.	135		3.6	4.1	3.8	[illegible]
127½	62	Nationwide Leisure	63		(3.75	2.5	0.5	[illegible]
39	9½	♦Norwels Int 20p	12					
27½	19½	♦Owners Abroad	27½		1.0	2.2	5.2	[illegible]
58	36	Photax (Lon.)	38		—			
30	18	♦Pauls Radio NV 5p.	30		2.0	♦	9.9	[illegible]
90	30	♦Pineapple Dnc St 10p.	40					
342	183	Pleasurama 5p	300		†h4.6	3.1	2.2	[illegible]
161	109	Do. 7pcCnCmRedPf	347	+1	7%		6.1	[illegible]
96	77½	♦Pres Entertain 50p.	90½		‡20	2.1	3.1	[illegible]
65	10	♦Radio Ctr 'A' NV	25					
55	33	♦Radio Clyde N.V.	33		3.25	0.9	14.0	[illegible]
63	34	Riley Leisure 10p	60		‡0.7			
211	143	Saga Hols. 20p.	211	+3	†4.0	2.1	2.7	[illegible]
289	97	Samuelson Grp 20p	265		12.4	6.0	1.3	[illegible]
111	75	♦Sangers Photo 10p	80		‡2.0	7.9	3.6	[illegible]
202	130	♦Scanro 50p	145	−1	q3.68	2.6	3.6	[illegible]
198	128	Scott. TV 'A' 10p	198		†8.8	2.8	6.3	[illegible]
508	204	SeaCo Inc $0.125	234	+10				
15	6	♦Select TV 10p	8		—			
140	8	♦Spectrum 5p	20		‡q2.0	4.8		
33	23	TSW 5p	32½		1.7	2.4	7.3	[illegible]
178	108	TVS N Vtg 10p	128	+3	0.0	♦	6.3	[illegible]
235	132	♦Television Svcs 50p.	180		11.5	4.3	1.0	[illegible]
79	54	Tottenham Hotspur	54	−2	4.8	1.1	12.7	[illegible]
105	72	♦Trihop 10p	80		bq1.1	4.2	2.0	[illegible]
160	39½	♦21st Century Dvt	88					
165	93	♦Tyne Tees TV A £1	140		‡10.5	2.3		
114	84	Ulster TV N V 'A'	106		5.25	4		
125	63	♦Vicregian 5p	63		‡1.26	0		
26	17	Webb (Jos.) 5p	20		‡0.5	0.6		
26½	12	♦Whitelaw (Real 5p	20½		‡0.91			
133	93	Zetters 5p	133	+4	14.0	2.9		

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

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MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 13	Jan 23	Jan 24	Feb 3
Jan 27	Feb 6	Feb 7	Feb 17
Feb 10	Feb 20	Feb 21	Mar 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Early advance in equities reversed by oil price concern

Oil price worries reversed a promising early extension of the London equity market's run to record levels yesterday. Shortly after the opening, the FT Ordinary Share Index was 5.2 higher at a new interday peak of 1160.6 but a dip in North Sea oil prices to below $18 per barrel aroused nervousness. Some short-term operators decided to take profits after the recent sharp advance and share prices went into retreat, although the overall volume of selling was moderate.

The index fell back but as soon as the sales were absorbed it recovered gently with the tempo increasing slightly in conjunction with the New York market opening. The Dow Jones Index soon challenged its all-time high and London sentiment improved further. Some traders reported a fair two-way trade in the later stages, despite the restrictions imposed on business through the underwriting of the pending Wellcome Foundation issue; this was completed late in the day.

Leading oil shares led the decline but edged away from the lowest as crude oil prices steadied. The two majors still sustained falls ranging to 8 with British Petroleum closing that much down at 575p. Shell were 7 easier at 673p. Harder money market rates affected the trend of consumer-related stocks and Stores also suffered above-average losses. Confirmation of the cut in the Japanese discount rate passed unnoticed in a market more concerned over the sterling/oil situation.

The FT Ordinary Share Index finally gave up 5.4 of the previous three-day gain of 35 points to close at 1150.0, after 1147.9.

Reflecting the latest oil developments, which were thought to be the result of the Prime Minister's latest comments on North Sea production, the pound lost ground. The rate was weakest against the Deutsche Mark but sterling also reacted against a weak dollar. Gilt-edged stocks consequently drifted easier in a market noticeably lacking fresh funds after Tuesday's buying spree which exhausted official supplies of the long tap stock, Treasury 10 per cent 2003. The price of the latter reacted to 35¼ before picking to 35⁷⁄₁₆, down ⅛ on balance. Falls among other longer-dated issues ranged to ⅜ at one stage before they were gradually reduced to around ¼. Contrary to the general trend, a few stocks of five to ten year maturity settled harder on the session.

Barclays better

Apart from Barclays which rose 8 to 456p on news of the proposed $500m floating rate note issue, the major clearing banks rarely strayed from their overnight levels. Quarterly figures from its US subsidiary, Crocker National, were deemed satisfactory and left Midland unaltered at 436p. Elsewhere, Union Discount relinquished 6 to 617p, after 610p, following the uninspiring annual figures, while Clive continued to reflect fading hopes of a bid from Prudential Bache Securities of New York with a fresh reaction of 2 to 38p. Merchant banks were featured by Wintrust which jumped 17 to 242p in response to the better-than-expected first-half figures. Mercury Securities, in which Mr Saul Steinberg of the US owns an 11 per cent stake, rose 10 to 700p, while Kleinwort Benson put on a similar amount at 585p. Leopold Joseph, recently the subject of takeover speculation, moved up 5 more to 365p in a thin market and Hill Samuel ended the same amount better at 352p.

DIY group Wickes staged a surprisingly bright debut in the Unlisted Securities Market given that over half the shares were left with the underwriters; after opening at the offer price of 140p, the shares moved up to 144p before closing at 141p.

Leading Buildings failed to fulfil early promise and finished the session in irregular fashion. Blue Circle touched 553p initially, but drifted back to close only a couple of pence dearer at 548p. Rugby Portland Cement attracted early demand on speculation about a bid from Tarmac, but profit-taking left the close just a penny better at 156p; Tarmac hardened a couple of pence to 376p. Barratt Developments slipped 2 to 122p and George Wimpey shed 4 to 137p on lack of support, but Alfred McAlpine continued to attract buyers and firmed 6 to 312p. Buying ahead of the interim results expected shortly lifted Trent Holdings 9 to 102p.

ICI edged up 5 to 802p on Wall Street influences.

Stores react

Recent enthusiasm for leading Stores abated and although a slightly firmer tone developed after-hours, double-figures losses were commonplace. Gussies A dipped 12 to 755p, after 748p, while Storehouse fell to 302p before settling 10 off on balance at 305p. Burton, however, rallied from 520p to close a couple of pence up on balance at 532p, while interim profits at the top-end of market estimates lifted W. H. Smith A 6 to 270p. Mail-orders were particularly volatile and Freemans traded between 348p and 334p before finishing a net 4 cheaper at 338p. Secondary counters, in contrast, again displayed some sizeable gains. Body Shop advanced 40 to 870p in a thin market, encouraged by plans for a full-listing, while fresh speculative demand lifted Allebone 5 to 47p, Executex Clothes 4 to 44p and Amber Day, a like amount to 22p, the last-mentioned being additionally buoyed by "call" option business.

Having risen 40 over the previous two trading sessions in response to Wood Mackenzies' bullish forecast for home computer sales, Amstrad met with early profit-taking and dropped to 226p before rallying sharply on Press comment to close a further 10 higher on balance at 242p, after 246p. Acorn Computers, meanwhile, also recently favoured on WM's comments, fell 21 to 85p on persistent small offerings. Micro Focus gave up 20 to 185p and Microgen lost 10 at 315p as did Microlease at 150p. First Castle touched 184p on news of Morgan Crucible's increased and final offer, before reacting to 170p on the Board's rejection and ended a couple of pence lower on the day at 174p; Morgan hardened 2 to 247p. Electronic Machine advanced 4 to 59p, after 61p, on the announcement that Mr Cawthorne had increased his stake in the company to over 8 per cent. Chloride reflected further consideration of the group's recent reorganisation proposals with a gain of 3 at 44p. Elsewhere, Racal cheapened 4 to 176p, after 174p, in reply to comment on the interim results.

Westland featured in the late dealings, advancing to close 25 higher at 128p on the announcement that Lloyds Merchant Bank is making a tender offer for up to 12,630,000 Westland shares at 130p per share. Interest elsewhere in the Engineering sector tended to fade. McKechnie firmed 6 to 203p and Newman-Tonks gained 3 to 132p in sympathy. Simon edged up 4 more to 194p, while buyers also showed interest in Weir Group, a like amount dearer at 75p.

Among Foods, Bejam encountered aggressive demand on takeover hopes and closed 20 higher at the day's best of 178p, while Ranks Hovis McDougall gained 5 to 171p following a broker's lunch. Tate and Lyle edged up 3 more to 545p, but United Biscuits shed 5 to 242p in the absence of further buying and Unigate slipped 3 to 231p on profit-taking. Elsewhere, recently-dull Bernard Matthews revived with a gain of 10 to 525p in a restricted market, while USM-quoted Hunter Saphir gained 14 to 135p following a broker's visit.

Sharply higher on Tuesday following details of the agreed merger, Inn Leisure and J. A. Devenish both encountered profit taking, the former falling 6 to 125p and Devenish losing 20 to 750p.

Gestetner up

Glaxo, up 13 more at 878p, continued firmly, but other miscellaneous industrial leaders gave ground after a slightly better trend at the opening. BTR settled 7 lower at 396p, while falls of a few pence were recorded in BOC, 288p, and Hanson Trust, 142p. Following a reported denial of any bid approaches, Beecham fell to 360p before closing only 3 cheaper on balance at 363p. Elsewhere, takeover talk left Gestetner 9 to the good at 117p, while speculative activity was also responsible for a rise of 8 to 190p in Whitecroft. Helped by news that Airbus Industries is to go ahead with two new versions of the Airbus, British Aerospace improved 9 to 451p. Powell Duffryn responded to a newsletter recommendation with a rise of 10 at 250p, but speculative activity faded in Redfearn, down 13 at 135p, and European Ferries, 3 cheaper at 140p. Scapa Group were firm at 405p, up 15, but profit-taking clipped 5 from Cowan de Groot at 60p. Buyers showed interest in Hestair 5 better at 106p, after 109p, while Just Rubber firmed 4 to 54p on the interim figures. Rank Organisation drifted off to close 10 cheaper at 440p awaiting today's preliminary figures.

Zetters firmed 4 to 133p in response to the good interim results.

Jaguar responded to revived support, mainly from the US, and touched 394p before settling 10 higher on balance at 389p—an advance of 33 so far this week. Elsewhere in Motors, Lucas Industries rallied 7 to 503p, after 508p, while fresh takeover speculation lifted Kenning 4 to 148p.

United Newspapers continued to attract support in the wake of recent Press comment and closed a further 12 higher at 325p. Elsewhere Barnham rose 7 to 135p on renewed speculative support.

Estate agents moved sharply higher on hopes of further takeover activity in the sector following TSB's acquisition of a privately-owned chain of estate agents in Scotland. Connells were prominent and rose 20 to 195p, while Mann and Co, which recently acquired Abbotts, rose 10 to 224p. Hanover Investments gained 7 to 140p. Leading Property issues generally failed to extend the previous day's useful gains, but secondary issues remained selectively firm. London and Edinburgh rose a further 15 to 300p, as did Rosehaugh, to 400p. C. H. Beazer gained 6 more to 476p, while Daejan advanced 20 to 500p in reply to the good interim results.

Textiles provided a couple of outstanding, albeit contrasting features. Allied Textile advanced 28 to 448p reflecting satisfaction with the increased annual profits and dividend coupled with the proposed 100 per cent scrip issue. David Dixon, on the other hand, slumped 38 to 250p following the termination of merger negotiations with A. & J. Gelfer, finally 4 cheaper at 104p. Dawson International gave up 4 more to 198p, but prospective merger partners Coats Patons hardened a couple of pence to 221p.

Exco International traded in lively fashion and touched 217p before settling a net 6 to the good at 210p following "call" option business and further buying by Tan Sri Khoo Teck Puat. Elsewhere in Financials, Mercantile House eased 8 more to 270p in the wake of the interim figures. Option activity was also noted for J. Ferguson, finally 5½ higher at 23½p.

Oils easier

Renewed downward pressure on North Sea oil prices, which dipped below $18 a barrel level at one point before staging a modest rally, led to widespread declines throughout the oil market. The leaders opened lower and gave ground for the rest of the session apart from a short-lived rally around mid-morning. BP were finally 8 down at 575p and Shell 7 easier at 673p while falls of 5 were common to Tricentrol, 185, and Ultramar, 205p. LASMO closed 3 cheaper at 185p, after 183p, following the proposed start-up of oil production from the company's Colombian operations.

Among Overseas Traders, Tozer Kemsley and Millbourn, a rising market so far this year, added 3 to a new peak of 80p amid hopes of a sizeable injection of assets by majority shareholders IEL Group. Lonrho, on the other hand, eased a couple of pence to 225p awaiting today's annual figures, but revived interest was noted for Polly Peck which rallied 8 to 158p.

Golds down again

—South African sectors of mining markets remained distinctly uneasy ahead of the major policy speech to be given by President P. W. Botha at the re-opening of the South African Parliament on Friday. Gold shares opened a share easier on overnight selling by nervous US holders and continued to drift easier throughout the day reflecting persistent small offering by Johannesburg and European operators and a marked absence of buying interest. East Rand Consolidated continued to attract overseas buying interest, notably from South Africa, and improved 2½ more to 61p.

Leading Australians tended to give ground but many of the Golds remained a firm market.

Traded Options

Traded Option activity remained at healthy levels with 16,657 contracts struck. Attention turned towards British Aerospace positions which attracted 2,074 calls, 801 of which were transacted in the February 460's. Lonrho, due to reveal annual figures today, recorded 1,153 calls, while Racal attracted 1,189 calls behind Tuesday's first-half figures. Current takeover favourites Beecham contributed 973 calls, the March 360's again proving popular with 558 trades struck. Put trading centred on Distillers which recorded 1,175 trades, all of which were transacted in the April 550's.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 20	Jan 31	Apr 24	May 6
Feb 3	Feb 14	May 8	May 19
Feb 17	Feb 28	May 29	June 9

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Atlantic Resources, Jaguar, STC, Thames Mining, George Wimpey, BICC, Norfolk Capital, Amber Day, Acorn Computers, Aaronite, J. Ferguson, Rothmans International, Westland, Fairline Boats, North Kalgurli, Exco International, Cadbury Schweppes, Powell Duffryn, Hillsdown, Mid East Minerals, Mnemos and Jonas Woodhead. A put was done in Acorn Computers, but no doubles were reported.

FINANCIAL TIMES STOCK INDICES

	Jan. 29	Jan. 28	Jan. 27	Jan. 24	Jan. 23	Jan. 22	year ago
Government Secs	81.11	81.15	80.81	80.74	80.45	80.52	79.80
Fixed Interest	87.14	87.15	86.70	86.78	86.56	86.65	83.61
Ordinary ♥	1150.0	1155.4	1139.4	1126.2	1120.4	1125.6	986.7
Gold Mines	337.8	347.7	357.0	327.5	324.3	335.3	465.0
Ord. Div. Yield	4.48	4.46	4.53	4.57	4.39	4.40	4.38
Earnings, Yld. % (full)	10.89	10.86	11.01	10.71	10.77	15.77	10.94
P/E Ratio (net) (*)	11.45	11.47	11.30	11.52	11.53	11.52	10.97
Total bargains (Est.)	29,194	27,046	26,230	26,295	23,850	24,748	26,911
Equity turnover £m.	—	616.09	668.20	558.6	543.1	479.9	453.97
Equity bargains	—	26,316	25,872	27,868	24,947	22,626	22,308
Shares traded (ml)	—	290.4	273.7	323.1	309.3	207.2	213.6

♥ 10 am 1158.8. 11 am 1153.6. Noon 1152.0. 1 pm 1149.9. 2 pm 1148.6. 3 pm 1148.9. 4pm 1150.0. Day's High 1160.6. Day's Low 1147.9. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=11.00.

HIGHS AND LOWS

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10/85)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.96 (23/10/85)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1155.4 (28/1/86)	911.0 (5/12/85)	1155.4 (28/1/86)	49.4 (26/6/40)
Gold Mines	556.8 (15/4/85)	217.6 (8/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Jan. 28	Jan. 27
Daily		
Gilt Edged Bargains	156.2	129.2
Equities Bargains	170.5	167.6
Equities Value	1845.3	1350.6
5 day Average		
Gilt Edged Bargains	138.7	137.3
Equities Bargains	165.4	160.0
Equities Value	1939.4	1186.7

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

[illegible]

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

[illegible]

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tue. close	Day's change
Jaguar	24	379	+13
Beecham	21	366	+11
Glens New	21	870	+35
[illegible]			

EUROPEAN OPTIONS EXCHANGE

[illegible]

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*575)	500	85	90	—	7	11	
	550	42	47	57	25	33	
	600	18	21	28	55	63	
[illegible]							

January 29 Total contracts 16,657 Calls 12,107 Puts 4,550

*Underlying security price

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1985/86

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. ex Ex all. * Price in Schillings.

CANADA

TORONTO

Closing prices January 29

F—No voting rights or restricted voting rights

MONTREAL

Closing prices January 29

Total Sales 4,627,988 shares

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 39

Indices

NEW YORK-DOW JONES

	Jan 29	Jan 28	Jan 27	Jan 24	Jan 23	Jan 22	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	1,567.32*	1,558.42	1,537.81	1,529.93	1,511.24	1,502.29	1565.71 (7/1/86)	1184.96 (4/1/85)	1567.71 (7/1/86)	41.22 (2/7/32)
Transport	761.88*	753.88	748.44	739.91	719.37	712.13	723.31 (16/12/85)	553.03 (4/1/85)	723.31 (16/12/85)	12.32 (8/7/32)
Utilities	175.78*	174.38	172.55	171.21	170.09	169.47	178.86 (7/1/86)	148.54 (4/1/85)	178.86 (7/1/86)	10.5 (28/4/42)
Trading vol	--	148m	122m	129m	138m	131m	–	–	–	–

	Jan 24	Jan 17	Jan 10	Year Ago (Approx)
Ind Div Yield %	4.18	4.15	4.21	14.72

N.Y.S.E. ALL COMMON

Jan 29	Jan 28	Jan 27	Jan 24	1985 High	1985 Low
122.13*	121.1	118.87	119.72	126.90 (16/12/85)	94.88 (4/1/85)

RISES AND FALLS

	Jan 28	Jan 27	Jan 24
Issues traded	2,006	2,008	1,994
Rises	1,088	960	1,136
Falls	549	651	448
Unchanged	371	397	412

STANDARD AND POORS

	Jan 29	Jan 28	Jan 27	Jan 24	Jan 23	Jan 22	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	232.88*	231.89	228.87	228.88	225.72	229.88	237.82 (7/1/86)	128.24 (4/1/85)	237.82 (7/1/86)	3.52 (30/6/32)
Composite	211.88*	208.81	207.38	206.43	204.24	203.49	213.88 (7/1/86)	163.66 (4/1/85)	213.88 (7/1/86)	4.40 (1/6/32)

	Jan 15	Jan 8	Dec 31	Year Ago (Approx)
Ind div yield %	3.45	3.46	3.38	4.0
Ind. P/E Ratio	14.55	14.61	14.88	10.71
Long Gov Bond Yield	9.47	9.32	9.24	11.40

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Travelers	4,518,200	45	– 1/8	Chase Man	1,577,700	72 1/8	+ 1 1/8
Southern	3,497,500	22 1/4	+ 1/8	Morton Thio	1,573,200	32 3/8	+ 3/8
Pac Gas El	2,584,700	21 5/8	+ 1/8	Char Ck	1,566,600	17 7/8	+ 1/2
Amr	2,015,800	22 1/2	– 3/8	Amr Corp	1,458,700	47 7/8	+ 3/4
Bayu Int	1,906,400	32 3/4	+ 3/8	IBM	1,428,300	151 1/4	– 1/2

Advances 857 Declines 724

TORONTO

	Jan 29	Jan 28	Jan 27	Jan 24	1985/86 High	1985/86 Low
Metals & Minls	2,302.7*	2,258.3	2,218.56	2,205.34	2258.7 (18/1/86)	1749.32 (31/10/85)
Composite	2,888.5*	2,887.9	2,827.81	2,818.1	2900.5 (31/12/85)	2348.5 (8/1/85)
MONTREAL Portfolio	141.24*	139.38	138.47	137.87	142.87 (17/12/85)	117.00 (4/1/85)

* Indicates pre-close figure

	Jan. 29	Jan. 28	Jan. 27	Jan. 24	1985-86 High	1985-86 Low
AUSTRALIA						
All Ord. (1/1/80)	1080.5	1068.0	(c)	1052.0	1069.0 (22/1/86)	715.5 (7/1/85)
Metals & Minls. (1/1/80)	555.7	564.0	(c)	529.0	588.5 (20/6)	382.5 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	121.01	121.16	119.85	118.75	128.92 (15/1/86)	58.21 (24/1/85)
BELGIUM						
Brussels SE (1/1/80)	2828.70	2817.66	2808.86	2794.70	2988.38 (25/11)	2090.7 (18/1/85)
DENMARK						
Copenhagen SE (3/1/85)	218.94	221.01	220.63	216.48	237.75 (2/1/86)	158.44 (8/1/85)
FRANCE						
CAC General (3/1/80)	284.5	285.8	282.6	277.3	284.5 (29/1/86)	188.9 (8/1/85)
Ind Tendance (31/12/85)	108.0	107.0	107.0	106.1	108.2 (8/1/86)	100.0 (31/12/85)
GERMANY						
FAZ Aktien (31/12/58)	686.40	682.72	685.01	685.87	716.76 (15/1/86)	582.09 (2/1/85)
Commerzbank (1/12/53)	2003.2	1997.2	2066.6	2057.5	2161.8 (15/1/86)	1111.8 (3/1/85)
HONG KONG						
Hang Seng Bank (31/7/64)	1736.86	1754.58	1744.11	1746.88	1826.84 (8/1/86)	1220.74 (2/1/85)
ITALY						
Banca Comm Ital. (1972)	474.28	486.77	458.88	454.67	489.47 (21/1/86)	228.58 (2/1/85)
JAPAN**						
Nikkei (16/5/49)	12957.1	12898.7	12888.1	12904.2	15168.9 (4/1/86)	11545.2 (5/1/85)
Tokyo SE New (4/1/68)	1060.15	1041.26	1041.5	1051.18	1057.55 (10/7)	816.95 (4/1/85)
NETHERLANDS						
ANP.CBS General (1970)	251.5	252.5	257.1	255.5	267.0 (6/1/86)	186.5 (3/1/85)
ANP.CBS Indust (1970)	242.2	245.5	248.5	246.5	255.5 (17/1/86)	147.0 (3/1/85)
NORWAY						
Oslo SE (4/1/85)	374.84	375.26	380.98	380.72	412.88 (12/11)	288.18 (2/1/85)
SINGAPORE						
Straits Times (30/12/66)	590.45	605.58	601.15	598.43	852.66 (7/5)	588.01 (23/1/86)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1302.7	1307.0	1253.0	1307.9 (27/1/86)	829.3 (5/6)
JSE Indust (28/9/78)	—	1077.3	1071.3	1097.2	1112.9 (10/1/86)	787.1 (7/5)
SPAIN						
Madrid SE (30/12/85)	107.58	108.15	108.76	108.88	115.11 (20/1/86)	100.0 (30/12/85)
SWEDEN						
Jacobson & P (31/12/56)	1729.67	1765.50	1784.25	1765.68	1807.23 (8/1/86)	1285.32 (8/7)
SWITZERLAND						
Swiss BankCpn (31/12/58)	578.2	575.1	585.0	581.1	625.5 (6/1/86)	568.7 (3/1/85)
WORLD						
M.S. Capital Intl. (1/1/70)	—	259.0	256.2	254.4	259.0 (7/1/86)	184.5 (4/1/85)

** Saturday January 25: Japan Nikkei 12,953.37. TSE 1,036.54.

Base value of all Indices is 100, except: Brussels SE—1,000: JSE Gold—255.7: JSE Industrial 264.3: Australia All Ordinary and Metals—500: NYSE Composite—50: Standard and Poors—10: and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c-Closed. u Unavailable.

NORTH AMERICAN QUARTERLY RESULTS

AMERICAN PRESIDENT COS.
Shipping

Fourth quarter	1985 $	1984 $
Revenue	342.5m	240.1m
Net profits	300,000	21.7m
Net per share	0.01	1.13
Year		
Revenue	1.16bn	926.2m
Net profits	36.5m	103.5m
Net per share	1.36	5.76

BELL ATLANTIC
Telecommunications

Fourth quarter	1985 $	1984 $
Revenue	2.33bn	2.10bn
Net profits	260.7m	241.5m
Net per share	2.59	2.43
Year		
Revenue	9.08bn	8.09bn
Net profits	1.09bn	973.1m
Net per share	10.94	9.94

BELLSOUTH
Telecommunications

Fourth quarter	1985 $	1984 $
Revenue	2.7bn	2.6bn
Net profits	333.4m	302.2m
Net per share	1.09	1.22
Year		
Revenue	10.7bn	9.6bn
Net profits	1.4bn	1.3bn
Net per share	4.69	4.28

BLACK & DECKER
Powertools, household appliances

First quarter	1985-86 $	1984-85 $
Revenue	521.7m	503m
Net profits	20.9m	29m
Net per share	0.41	0.57

BORG-WARNER
Auto parts, chemicals etc

Fourth quarter	1985 $	1984 $
Revenue	1.02bn	964.1m
Net profits	82.7m	58.6m
Net per share	0.71	0.63
Year		
Revenue	3.96bn	3.91bn
Net profits	†176.5m	206.1m
Net per share	2.01	2.28

† After $56m non-recurring charge

CONSOLIDATED EDISON
Utility

Fourth quarter	1985 $	1984 $
Revenue	1.32bn	1.38bn
Net profits	114m	135.8m
Net per share	0.87	0.97
Year		
Revenue	5.5bn	5.73bn
Net profits	583.7m	620m
Net per share	4.26	4.48

CONSOLIDATED RAIL
Freight Railroad

Fourth quarter	1985 $	1984 $
Revenue	763m	782m
Net profits	90m	84m
Net per share	3.54	3.11
Year		
Revenue	3.21bn	3.38bn
Net profits	301m	472m
Net per share	13.05	17.46

GEORGIA-PACIFIC
Forest products

Fourth quarter	1985 $	1984 $
Revenue	1.69bn	1.77bn
Net profits	43m	190m
Net per share	0.36	11.01
Year		
Revenue	6.7bn	6.68bn
Net profits	187m	119m
Net per share	1.81	0.97

1 Loss

HAMMERMILL PAPER
Paper, paper products

Fourth quarter	1985 $	1984 $
Revenue	594.5m	560m
Net profits	4.5m	16.2m
Net per share	0.22	1.08
Year		
Revenue	1.69bn	1.65bn
Net profits	28.3m	55.9m
Net per share	1.73	3.78

HERCULES
Chemicals, plastics

Fourth quarter	1985 $	1984 $
Revenue	636.2m	617.4m
Net profits	22.1m	44.1m
Net per share	0.40	0.80
Year		
Revenue	2.59bn	2.57bn
Net profits	133.2m	197.2m
Net per share	*2.40*	*3.54*

MIDDLE SOUTH UTILITIES
Utility holding company

Year	1985 $	1984 $
Revenue	3.24bn	3.15bn
Net profits	401m	506.4m
Net per share	2.01	2.86

INGERSOLL-RAND
Compressors, industrial equipment

Fourth quarter	1985 $	1984 $
Revenue	725.9m	669.4m
Net profits	32.1m	23.2m
Net per share	1.56	1.19
Year		
Revenue	2.63bn	2.47bn
Net profits	79.4m	58.9m
Net per share	3.79	2.70

SOUTHWEST AIRLINES
Airline

Fourth quarter	1985 $	1984 $
Revenue	178.7m	133.5m
Net profits	6m	11.4m
Net per share	0.18	0.39
Year		
Revenue	679.7m	535.9m
Net profits	47.3m	49.7m
Net per share	1.54	1.69

STANLEY WORKS
Tools, industrial equipment

Fourth quarter	1985 $	1984 $
Revenue	322.4m	305.9m
Net profits	25.7m	22.4m
Net per share	0.93	0.81
Year		
Revenue	1.21bn	1.16bn
Net profits	78.3m	72.4m
Net per share	2.85	2.60

LONDON
Chief price changes
(In pence unless otherwise indicated)

RISES

Allied Text	448	+28
Amber Day	22	+ 4
Amstrad	242	+10
Barclays	456	+ 8
Bejam	178	+20
BAe	451	+ 9
Chloride	44	+ 3
Connells Est Ag	195	+20
Electronic Mach	59	+ 4
Ferguson (J)	23½	+5½
Gestetner	117	+ 9
Jaguar	389	+10
Mann & Co	224	+10
RHM	171	+ 5
Smith (WH) A	270	+ 6
Tozer Kemsley	80	+ 3
Trent Hldgs	102	+ 9
Westland	128	+25
Whitecroft	190	+ 8
Wintrust	242	+17
Zetters	133	+ 4

FALLS

Acorn Comp.	85	−21
BP	575	− 8
Dixon (David)	250	−38
Micro Focus	185	−20
Rank Organ	440	−10
Redfearn Nat Gl.	135	−13
Storehouse	305	−10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28	16	AAR	.56	2.1	16	279	26¼	26	26¼	+⅛
24⅝	10¼	AGS			16	262	23	22⅝	22⅝	+⅛
15⅝	9⅞	AMCA				418	11⅞	11	11⅝	+⅝
50¾	35¼	AMR			8	1546	250	47⅛	40	+⅞
24¾	18⅝	AMR pf2.18		9.1		7	23⅞	23⅝	23⅞	+¼
25⅞	23¼	ANR pf2.67		11.		3	25	25	25	+⅜
11¾	7⅛	APL			5	80	11	10⅝	10⅝	
16¾	10⅝	ARX			13	64	14⅛	13⅞	14	
55⅝	32¾	ASA	2a	5.0		951	40½	39⅝	40¼	+⅛
27	10½	AVX			23	713	14	13¾	13⅞	−⅛
28⅞	20⅝	AZP	2.72	10.	7	1199	27⅝	27⅛	27¼	+⅛
72	45⅛	AbtLab 1.40		2.1	18	9009	68½	64¼	68	+1¾
28⅜	19⅝	AccoWd .50		1.8	20	673	28⅛	27⅞	28	+¼
24¾	19	AcmeC .40		3.2	16	347	12⅞	12¼	12⅝	−⅜
10½	7	AcmeE .32b		2.7	16	76	8⅝	8½	8⅝	
19¾	15⅞	AdaEx 1.90e		11.		115	18⅛	17¾	17¾	−⅛
22¾	14	AdmMl .40		1.9	9	160	21⅞	21⅛	21⅛	−¾
18⅜	8¾	AdvSys .36t		7.9	16	79	17¼	17	17¼	+¼
35⅝	22⅛	AMD				1976	28	28¼	28¼	−¾
12⅝	10⅝	Adobe s				155	11½	11⅛	11⅛	
18⅝	14⅝	Adob pf 1.84		11.		24	16¾	16⅝	16⅝	−⅛
18½	15¼	Adob pf 2.40		13.		33	18¼	17⅞	18	−¼
14⅞	8⅞	Advest .12a		.8	13	1306	u15⅛	14¾	14½	−⅜
58⅝	39	AetnLf 2.64		4.6	19	4223	u57½	56⅝	56⅞	+¼
57½	52½	AetL pf5.19e		9.6		300	54⅝	54¼	54¼	+¼
58¾	27¼	Ahmns 1.20		2.1	7	3164	u58¼	58	58¼	−½
4¼	2½	Aileen			200	635	4	4⅛	3⅞	4
70⅝	45⅞	AirPrd 1.48		2.1	15	794	u72⅛	70⅛	71½	+1⅜
24⅝	17½	AirbFrt .60		3.1	11	203	19⅞	19½	19⅝	
2⅛	1½	AlMoan .50c				261	3	1⅞	2	+⅛
29¼	25	AlaP pf2.63e		9.4		150	28	28	28	
33⅝	27	AlaP pfA3.92		14.		6	28⅝	28	28	−⅝
8¾	7	AlaP dpf.87		10.		61	8¾	8⅝	8⅝	
89½	69	AlaP pf 9		10.		z300	89	89	89	
107	86⅞	AlaP pf 11		10.		z70	105¾	105¾	105¾	
78	65	AlaP pf 8.28		11.		z580	78	76½	78	+1
26⅝	13¼	AlskAir .16		.9	7	1192	18⅛	17⅛	17⅛	−⅝
39¾	12½	Albrto s .42		1.1	26	x233	u40	38	38	−1⅛
33¼	26⅞	Albtsns .76		2.5	12	1091	32½	30⅝	30⅞	−1½
31½	22¾	Alcan .80		2.5		10042	u32¼	31⅝	31¾	+½
39	31½	AlcoStd 1.24		3.4	18	431	36⅞	36	36	
35⅛	25½	AlexAlx 1		2.9		1278	35	34½	34⅝	
43	21⅝	Alexdr			43	86	37⅞	36¾	36¾	−1
88½	75	AllgCp 1.54		1.8	22	356	90	84½	85⅞	+1⅞
27½	24½	AlgCp pf2.80		10.		2	27⅝	27¼	27¼	
28¾	16½	AlgInt 1.40		8.3		5642	16⅞	16½	16⅞	+¼
20¾	15⅛	AlgIn pf2.19		13.		40	17½	17¼	17⅜	−¼
98	78	Algl pfC11.25		13.		13	87	86½	87	+½
34⅛	26⅛	AllgPw 2.76		7.8	10	793	u35	34½	34⅝	+⅝
21⅝	14⅝	AllenGs			14	333	21½	21⅛	21⅜	+¼
30	16½	AlldPd			12	116	29⅜	28	28	−1¾
48⅛	42	AldSgnl 1.80		3.9	9	11942	47¼	45⅝	45⅝	−1½

Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17½	12⅝	PacSci	.40	2.9	12	145	14¼	13⅞	13⅞	−¾
85⅞	67½	PacTele	6.72	8.9	9	1561	84⅝	82½	83	−⅞
15	9⅜	PacTin	.40	3.0	6	4	13¼	13¼	13¼	−½
33¼	25¾	Pacilcp	2.40	7.6	9	2047	31⅞	31⅜	31⅜	+⅜
37½	31	PacE	pf4.07	12.		21	34⅝	34	34	
43⅛	25¼	PainWb	.60	1.6	19	2794	38¼	38¼	38¼	−⅜
34⅛	25⅞	PainW	pf2.25	7.8		88	32⅝	32	32	−⅛
9¾	4	PanAm				16005	6¾	6¼	6¾	+⅜
4	2	PanA	wt			643	3¼	5	3⅛	
21	13⅜	Pandckn	.20	7.1	18	181	10	16⅜	16¾	−¼
41⅛	32⅞	PanhEC	2.30	6.8	12	2783	35¾	35½	35½	−¼
29¼	16⅝	Pansph			16	557	u29½	28¼	29¼	+1
10¼	4	PantPr				6731	u10⅝	9¾	10	+¼
16⅛	6⅜	Pardyn				670	6⅞	6⅝	6⅝	−⅛
17⅜	11⅛	ParkEl	.06e	.4	15	7	15⅞	15¾	15¾	
7½	4	ParkDr	.108	2.8		679	4¼	4	4	−¼
39½	28¼	ParkH	1.12	2.8	13	1594	39⅛	38	38	
28⅜	15	ParkPn	.52	1.8		2047	u28½	27⅜	27⅜	−⅛
5	3¼	PatPtr	n		10	55	3½	3⅜	3½	
15¼	11½	PayNP	.64	5.1	15	199	12⅞	12½	12½	−¼
23⅜	13½	PayCsh	.16	.6	16	3271	17⅝	16½	17⅛	+¾
1⅛	¼	Pengo				256	⅝	½	½	−1-16
58⅜	45	PenCen			28	1242	55	54½	54⅝	+⅛
58½	45⅜	Penney	2.36	4.1	11	2976	u58¾	57¼	57⅝	−⅛
29⅞	23½	PaPL	2.56	8.8	11	527	29¼	29	29	−⅛
42	24	PaPL	pf4.40	11.		z50	40¼	40¼	40¼	
41	35½	PaPL	pf4.08	11.		z170	40¼	41	+½	
28¾	25⅞	PaPL	dpr3.42	12.		16	28⅝	28½	28½	−⅝
27⅞	23½	PaPL	dpr2.60	10.		18	u28	27¾	28	+¼
29½	24⅝	PaPL	dpr3.25	11.		10	29	28⅞	28⅞	−¼

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
42	33	Witco	1.48	3.7	10	219	40¾	40½	40½	−¼
14	9¾	WolvrW	.24	1.9		220	12¾	12¼	12⅝	−⅜
62½	39¼	Wolwth	2	3.3	12	1645	62	61¼	61½	
88¼	58	Wolw	pf2.20	2.5		4	87⅜	87	87⅜	+⅜
5⅝	3	WrldAr				77	6⅛	5	5	
95	57½	Wrigly	1.80a	2.0	15	90	94¼	91	91	−2½
4¼	2⅝	Wurlitzr				282	3⅛	2⅞	2⅞	−¼
16	10⅜	WyleLb	.32	2.2	63	205	14⅞	14½	14½	−¼
23⅜	15⅛	Wynns	.90	3.8	12	149	16¼	d15	15¼	−1⅛

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
61⅛	41⅛	Xerox	5	4.9	21	3558	u63	60½	61⅝	+⅛
56¼	49	Xerox	pf5.45	6.7		18	66	65¾	56	
34¼	28	ZaleCp	1.32	4.1	13	849	32¾	32⅛	32½	+⅜
17	6¼	Zapata	.12	2.1	41	2546	6⅜	d 5⅝	5¾	
65⅛	37⅞	Zayre	n .48	.8	16	726	62	59¾	61½	+1⅝
25	16¼	ZenithE				938	981	18¼	18¼	18¾ −¼
23⅜	17¼	Zero	s .36	1.7	18	95	21⅛	20¾	21	
42¾	28¾	Zurnin	1.32	3.2	15	148	42¼	40¾	41	−1

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called.d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 37

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Rate hopes test previous peak level

THE CUT in Japanese discount rate hrought interest rate prospects back into focus on Wall Street *writes Terry Byland in New York.*

The stock market ended mixed in very heavy trading, after surging ahead at first on hopes of an early cut in US rates, then reacting sharply to rumours – later denied – that Paul Volcker, the Fed chairman, had ruled out such a move. The blue chips moved erratically as a sharp fall in bonds sparked off hectic profit-taking in the stock market.

The New York Stock Exchange had its third most active trading session on record, with 194.7m sbares changing bands, the highest total since August 6 1984. The Dow Jones industrial average closed a net 2.52 points up at 1558.94, still eigbt points short of the recent peak.

Earlier, the Dow soared by 15 points, well clear of the previous closing record, but gains were wiped out when the bond market plunged by three quarters of a point on the Volcker rumours. The Dow Transportation and Composite average also touched new peaks, and the Utilities average rose sharply.

Prospects of a cut in federal discount rate, which had faded somewhat, strengthened in response both to the Japanese move and also to Federal Reserve vice-chairman Mr Preston Martin's comment that the central bank must quickly ensure that cuts in the federal deficit do not harm the economy.

Worries about the banks' energy loans took a back seat as investors preferred to concentrate on the prospects of easier short term rates. Citicorp, favoured because of its success in the US consumer business, jumped $1⅜ to $47⅞, and others to advance strongly included J. P. Morgan, $1¾ higher at $64⅞, Chase Manhattan, up $1⅝ at $72⅝, and Bankers Trust, $1⅜ higher at $36¼.

But interest rate prospects inspired gains across the hroad spectrum of financial issues. General Reinsurance added $1 to $37⅞, and Geico $3 to $84¼.

Stocks in companies associated with the space shuttle project rallied from the brief falls suffered on Tuesday. Morton Thiokol at $32 was $½ easier while Rockwell regained $⅝ to $35 and Lockheed $½ to $46¼.

Car stocks, which will benefit both from lower oil prices and from lower interest rates on customer financing fared well. Ford, up $1⅜ at $64 and Chrysler, up $⅝ at $46¾, attracted heavy turnover. At $75, General Motors was $¾ up, but off the top.

Selective buying of airline issues put $¾ on American Airlines, at $48 in heavy trading. At $6½, Pan Am gained $⅛ to approach its share peak and was also traded heavily.

A firm chemicals sector took its lead from Du Pont, $1 higher at $64 following the results. The best feature was Celanese, which bounded by a further $7⅛ to $157¾, still responding to sharply increased profits.

With the dollar's prospects uncertain, pharmaceutical issues looked strong behind Abbot laboratories, up $1⅛ at $67¾ and Merck, up $⅝ at $136½.

However, the market continued to show disappointment with the trading figures from AT&T, which eased a further $⅛ to $22⅝ in heavy turnover.

In a mixed oil sector, Philips shaded hy $⅛ to $10⅝ following the profits news. Atlantic Richfield at $51⅝ gave up $1⅝ as its North Sea prices came under pressure. Philip Morris responded vigorously to the profits statement, adding $2¼ to $95½, taking R. J. Reynolds, also with profits due, $⅞ higher to $32⅞ in its wake.

Philip Morris' profits were well above Wall Street predictions, and raised hopes of higher dividend payments from the tobacco majors, which bave suffered in the stock market as investors have shied away from impending legal claims in cancer-related deaths.

Department stores, which bave also been one of the weaker sectors, continued to respond to expectations that lower oil prices will bring increased employment and consumer spending.

The credit markets lay dormant while awaiting the Treasury funding statement. Federal funds remained below 8 per cent but other short-term rates looked irregular.

TOKYO

Speculative favourites dominate

DESPITE FAVOURABLE factors including the upsurge on Wall Street, investors sought only speculative and incentive-backed issues with a low margin buying balance in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average lost 36.55 to 12,957.14, the first drop in five sessions. But the Tokyo Stock Exchange simple-arithmetic price average registered a seventh straight rise of 0.41 to 733.16.

Reflecting heavy transactions of speculative leaders, volume sharply expanded from 347m shares on Tuesday to 479m. Losers outpaced gainers 458 to 374 with 147 issues unchanged.

A leading brokerage house said the day was dominated by hectic demand for speculative favourites. With the start of trading for delivery next month, securities houses usually step up business, collecting massive orders from institutional investors and businesses. Major investors remained on the sidelines, however.

The dealing sections of brokerages and individual investors hunted speculative and incentive-backed stocks priced below Y1,000 to reap quick capital gains.

Janome Sewing Machine, which is in a joint venture with IBM Japan to produce educational equipment, topped the active list with 18m shares. Its price fluctuated between Y511 and Y575, closing Y74 higher at Y570. Tokyo Juki Industrial drew speculator interest on rumours of a tie-up with IBM and scored a daily limit gain of Y100 to Y755.

Citizen Watch was the second busiest with 16m shares, rising Y9 to Y539. Investors apparently expect Citizen's supply of "camcorder" parts to JVC to contribute much to its performance.

All Nippon Airways rose Y22 to Y832 on the day's third heaviest volume of 14m shares, reflecting its imminent advance into international services and rumours of heavy purchases by speculators. Asahi Optical went up Y23 to Y552.

However, Oki Electric fell Y4 to Y725, Hitachi Y7 to Y788 and Shin-Etsu Chemical Y30 to Y1,000 under profit-taking pressure. The yen's temporary rise to Y193.85 against the US dollar dampened blue chips. Large-capital stocks eased, with Tokyo Electric Power finishing Y30 lower at Y2,800.

A leading trust bank sold Y100bn worth of government bonds. But investors were encouraged by expectations that West Germany and the US would follow Japan in slashing the official discount rate and that trust banks, which had sold government bonds worth Y400bn to Y500bn, would have to buy them back sooner or later. The yield on the benchmark 6.2 per cent government bonds due in July 1995 plunged from 5.51 per cent on Tuesday to 5.440 per cent.

SINGAPORE

SELLING increased late in the session in Singapore as rumours continued to swirl about Pan-Electric.

A report in a Chinese-language newspaper suggested that two industrialists may be involved in the financial troubles of the company owned by Tan Koon Swan.

The Straits Times industrial index fell 6.13 to 599.45.

Singapore Airlines was once again heavily traded and ended unchanged at S$5.15 after 934,000 shares changed hands.

CANADA

MOST SECTORS posted gains in Toronto, as strength on Wall Street propelled blue chips.

Canadian Pacific, the most active issue on the market, added C$⅛ to C$18⅞. Northern Telecom was again popular, gaining C$⅝ to C$36⅞.

Banks showed improvement with Canadian Imperial Bank of Commerce ahead C$⅝ at C$21⅜ after its two-for-one stock split.

EUROPE

Sun shines brightly on Milan

THE SUN normally shines on the righteous and yesterday it was the turn of the Italians as the storm clouds that buffeted the German bourses on Tuesday began to clear.

Milan had a plethora of good news to digest. Sentiment was bolstered by the ease with which the Government won two votes of confidence over its disputed 1986 Finance Bill. Institutional investors adopted a high profile and concentrated their buying power on industrial blue chips.

Foreign buyers were less evident largely due to the technical aspects of the extension of the February trading month and of position-squaring to the end of March.

After-bourse trading saw further gains although some of the lustre was removed from the industrials.

Insurers topped most of the buy lists. Generali notched up a L1,250 gain to L79,750, while Toro secured a L240 rise to L28,440.

Among the banks, Mediobanca finished the session L1,200 stronger at L126,500 while Banca Commerciale advanced L50 to L20,100 and Credito Italiano climbed to L3,444 with a L74 boost.

Industrials also provided some excitement. Fiat was bought in any form available, with its ordinary shares gaining L155 to L6,468, while the motor group's preferred shares moved L152 ahead to L5,570. Montedison recovered all the previous session's decline with a L54 rally to L2,759 and Olivetti, L196 higher on Tuesday, sprinted a further L112 to L9,760.

In the food sector Buitoni sparkled with a L365 surge to L4,570 ahead of plans for a capital increase and Rinascente in stores firmed L11 to L969.

Bastogi weakened L23 to L480 following the announcement by Italmobiliare that it had sold a half of its Bastogi stake to Acqua Pia Marcia.

Pirelli extended the falls of the previous session with a further L38 decline to L3,982.

The clear skies over Frankfurt produced a 6 point gain in the Commerzbank index to 2,003.2 after Tuesday's sharp 71.4 fall. Trading volume, however, was extremely thin.

Siemens was in the spotlight again as the electrical group announced a higher dividend. It fell DM 5 to DM 802.

The car makers, long in the vanguard of the market's rallies and subsequent technical corrections, moved lower again with Daimler DM 25 cheaper at DM 1,320 and BWW off DM 6 at DM 596. Porsche lost only DM 8 to DM 1,339, while VW reversed some of the damage done on Tuesday with a DM 1 gain to DM 513.

The banking sector, having offered the market a heavy dose of indigestion with its recent feast of rights issues, continued uneasy. Commerzbank shed DM 4 to DM 316, while Deutsche Bank and BHF held steady at DM 610 and DM 516 respectively. Dresdner, the most recent of the institutions to make a hefty cash call moved against the trend with a DM 4.50 gain to DM 420, while Bayerische Hypo Bank jumped DM 13 to DM 545.

Allianz dropped DM 35 to DM 2,280, while associate insurer Munich Re dropped DM 280 to DM 3,420.

A nervous bond market finished higher on the fall in the dollar and the hope of a cut in world interest rates. The short end of the market gained up to 30 basis points while longs settled 15 basis points higher. Bundesbank intervention was more obvious with sales of DM 113.1m of public paper compared with sales of DM 54.2m on Tuesday.

Paris built on the calm and perseverance of the previous session. Foreign demand, aided by the Prime Minister's forecast of 2 per cent inflation this year, surfaced among bank and portfolio stocks. The fall in the dollar also enticed some besitant overseas funds.

Zurich finished firmer as the market prepares itself for the forthcoming bank reporting season.

UBS rose SFr 40 to SFr 4,970, while Swiss Bank added SFr 6 to SFr 561. Zurich Insurance picked up SFr 50 to SFr 5,800 and Swiss Re held steady at SFr 15,400.

Nestlé, which announced the takeover of a Spanish dairy producer, recovered with a SFr 25 gain to SFr 6,500 while Jacobs Suchard finished SFr 125 higher at SFr 7,475.

Bonds were steady on low volume again as the cut in the Japanese discount rate failed to spark any interest.

Brussels was mixed in moderate trading GBL firmed BFr 60 to BFr 2,385 in large overseas buying.

Stockholm lost ground in thin trading, while Amsterdam weakened despite the overnight gains on Wall Street.

Pedestrian trading in Madrid took most sectors lower.

SOUTH AFRICA

MOST ISSUES ended the day in Johannesburg either mixed or lower as the bullion market failed to give any fresh leads to golds.

Randfontein lost R5 to R285 and Libanon 50 cents to R55, while Driefontein was steady at R54.50.

In platinum issues Impala shed 50 cents to R28 and Rustenburg Platinum eased 25 cents to R27.75.

Against the trend, diamond share De Beers firmed 25 cents to R18.

Industrials issues ended mixed with Barlow Rand 20 cents higher at R15.20 and South African Breweries, a diversified beer and retailing group, edging up 5 cents to R8.65.

LONDON

Record run slips on oil worries

OIL-PRICE worries returned to London yesterday, reversing a promising early extension of the market's run to record levels.

Shortly after the opening, the FT Ordinary share index was 5.2 bigher at a new inter-day peak of 1,160.6, but a dip in North Sea oil prices to less than $18 a barrel prompted a sell-off hy short-term operators. The index ended 5.4 lower at 1,150.0.

Leading oil shares led the decline. British Petroleum lost 6p to 575p and Shell was 7p easier at 673p.

Gilts drifted easier as the pound lost ground. Longer-dated issues fell by as much as ¾ at one stage before being reduced by around ⅛.

Chief price changes, Page 37, Details, Page 36, Share information service, Pages 34-35

AUSTRALIA

INDUSTRIAL ISSUES stole the show from golds and other miners in Sydney yesterday, where prices rose for the second consecutive session.

The All Ordinaries index gained 4.9 to 1,060.5, while the All Industrials added 10.3 to a record 1,575.6.

Mr Rupert Murdoch's News Corporation traded strongly, adding 46 cents to A$9.86. Elsewhere in industrials, Westfield Holdings, the property group, rose 30 cents to A$14, Adsteam gained a similar amount to A$11.50 and Brambles added 20 cents to A$4.60.

Bond Corporation, which has announced a hid for Pittsburgh Brewing in the US, rose 10 cents to A$2.15.

HONG KONG

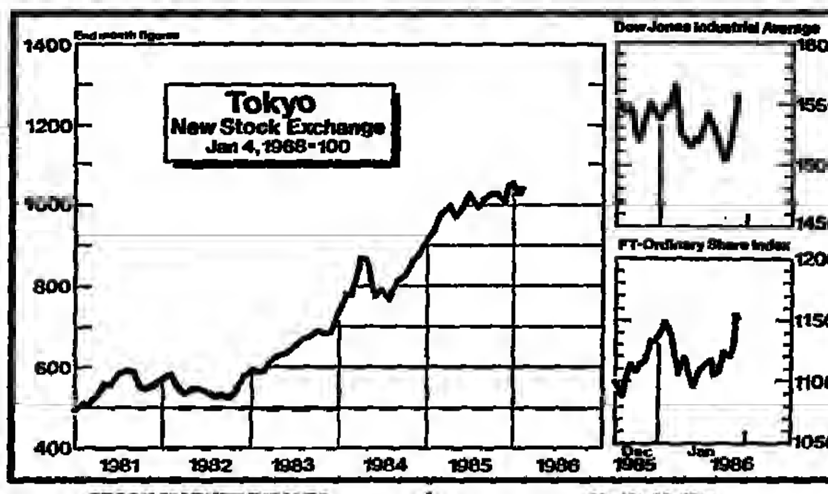
THE SUSPENSION of shares in Wah Kwong Shipping and news that it may require a debt restructuring dampened sentiment in Hong Kong yesterday. Foreign investors rode a wave of selling which depressed prices across the board.

The Hang Seng index shed 18.03 to 1,736.35 on turnover which was heavy for the regular half-day session.

Rumours that the Chao family, which owns Wah Kwong, may sell a stake in their property group sent Wah Kwong Properties 5 cents lower to 87 cents.

Elsewhere, Cheung Kong fell 40 cents to HK$20.10, China Light 40 cents to HK$16, Hongkong Wharf 15 cents to HK$7.15 and Hutchison Whampoa 50 cents to HK$26.30.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 29	Previous	Year ago
NEW YORK			
DJ Industrials	1,558.94	1,556.42	1,292.62
DJ Transport	755.58	753.88	614.37
DJ Utilities	174.85	174.39	148.90
S&P Composite	210.29	209.81	179.18
LONDON	**Jan 29**	**Prev**	**Year ago**
FT Ord	1,150.0	1,155.4	986.7
FT-SE 100	1,421.0	1,426.3	1,249.3
FT-A All-share	688.46	689.40	613.89
FT-A 500	755.93	757.62	672.09
FT Gold mines	337.9	347.7	465.0
FT-A Long gilt	10.72	10.68	11.03
TOKYO			
Nikkei	12,957.14	12,993.69	11,843.10
Tokyo SE	1,039.10	1,041.20	922.34
AUSTRALIA			
All Ord.	1,060.5	1,055.6	758.1
Metals & Mins.	533.7	534.5	432.2
AUSTRIA			
Credit Aktien	121.61	121.10	59.18
BELGIUM			
Belgian SE	2,828.79	2,817.96	2,110.18
CANADA	Jan 29	Prev	Year ago
Toronto			
Metals & Minls	2,302.7*	2,258.2	177.8
Composite	2,869.6*	2,837.9	2,580.1
Montreal			
Portfolio	141.24*	139.38	130.46
DENMARK			
SE	219.94	221.94	170.16
FRANCE			
CAC Gen	284.9	283.6	195.6
Ind. Tendance	108.0	107.3	106.9
WEST GERMANY			
FAZ-Aktien	666.40	662.72	393.78
Commerzbank	2,003.2	1,997.2	1,147.2
HONG KONG			
Hang Seng	1,736.35	1,754.38	1,338.87
ITALY			
Banca Comm.	474.28	466.77	259.88
NETHERLANDS			
ANP-CBS Gen	251.5	252.8	192.2
ANP-CBS Ind	242.2	243.3	153.3
NORWAY			
Oslo SE	374.04	375.26	326.64
SINGAPORE			
Straits Times	599.45	605.58	816.38
SOUTH AFRICA	Jan 29	Prev	Year Ago
JSE Golds	–	1,302.7	914.7
JSE Industrials	–	1,077.3	880.4
SPAIN			
Madrid SE	107.56	108.15	113.82
SWEDEN			
J & P	1,729.57	1,763.96	1,429.83
SWITZERLAND			
Swiss Bank Ind	578.2	575.1	412.2
WORLD	Jan 28	Prev	Year ago
MS Capital Int'l	258.0	256.2	194.4

COMMODITIES

(London)	Jan 29	Prev
Silver (spot fixing)	439.25p	434.60p
Copper (cash)	£1,024.50	£1,025.50
Coffee (Mar)	£2,222.50	£2,478.50
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)

	Jan 29	Prev
London	$355.00	$352.00
Zürich	$354.75	$353.25
Paris (fixing)	$354.73	$353.77
Luxembourg	$354.30	$354.75
New York (Feb)	$355.90*	$353.70

CURRENCIES

	US DOLLAR		STERLING	
(London)	Jan 29	Previous	Jan 29	Previous
$	–	–	1.4025	1.41
DM	2.3875	2.397	3.3475	3.38
Yen	194.0	195.6	272.0	275.75
FFr	7.325	7.3625	10.2725	10.38
SFr	2.0215	2.032	2.835	2.865
Guilder	2.6975	2.7105	3.7825	3.8275
Lira	1,628.0	1,633.5	2,283.25	2,303.25
BFr	48.8	49.15	68.45	69.3
C$	1.4155	1.4205	1.985	1.9985

INTEREST RATES

	Jan 29	Prev
Euro-currencies (3-month offered rate)		
£	12⅞	12 13/16
SFr	4 5/16	4⅞
DM	4 11/16	4 11/16
FFr	16⅝	14
FT London Interbank fixing (offered rate)		
3-month US$	8 1/16	8 1/16
6-month US$	8 1/16	8⅛
US Fed Funds	8	7⅞
US 3-month CDs	7.60	7.65
US 3-month T-bills	7.01	6.905

US BONDS

Treasury		Jan 29* Price	Jan 29* Yield	Prev Price	Prev Yield
8¾	1988	100 5/32	8.022	100 7/32	8.526
8⅝	1993	99 13/32	8.865	99 14/32	8.858
9½	1995	102 20/32	9.038	102 21/32	9.033
9⅞	2015	105 14/32	9.323	105 21/32	9.308

Treasury Index

Maturity (years)	Jan 29* Return index	Day's change	Yield	Day's change
1–30	138.97	+0.13	8.68	–0.01
1–10	135.46	+0.09	8.42	–0.01
1–3	130.00	+0.05	8.04	–0.01
3–5	137.52	+0.08	6.55	–0.01
15–30	151.63	+0.30	9.57	–0.02

Source: Merrill Lynch

Corporate	Jan 29* Price	Jan 29* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100⅝	10.11	100⅝	10.11
3⅞ July 1990	86.091	7.65	86.091	7.75
8¾ May 2000	90⅞	9.56	90⅞	9.56
Xerox				
10¾ Mar 1993	104.797	9.67	104.797	9.67
Diamond Shamrock				
10⅜ May 1993	102.824	10.06	102.824	10.06
Federated Dept Stores				
10⅞ May 2013	101.083	10.50	101.083	10.50
Abbot Lab				
11.80 Feb 2013	109.661	10.70	109.661	10.70
Alcoa				
12⅜ Dec 2012	107.928	11.30	107.928	11.30

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	84–29	85–20	84–25	85–11
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.13	93.26	93.06	93.21
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.38	92.47	92.37	92.43
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	n/a	n/a	n/a	n/a
20-year Notional Gilt £50,000 32nds of 100%				
Mar	n/a	n/a	n/a	n/a

* Latest available figures